Final Report

Fremont County Housing Needs Assessment

Part of the Upper Arkansas Area Council of Governments Housing Needs Assessment

The Economics of Land Use

Prepared for:
Upper Arkansas Area Council of Governments
Fremont County, Colorado

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EPS #183036

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1. Background and Purpose

This regional Housing Needs Assessment was prepared by Economic & Planning Systems (EPS) for the Upper Arkansas Area Council of Governments in partnership with Custer County, Fremont County, and Park County. The purpose of this report is to:

- Document the economic and demographic conditions that contribute to housing issues;
- Evaluate the housing market to document housing costs compared to incomes, and identify market trends that will continue to affect housing affordability;
- Identify local factors in each county contributing to housing challenges and creating local opportunities;
- Recommend policies and strategies for each county that will have the greatest impact on addressing the identified housing issues.

Individual Housing Needs Assessments were completed for each county, and the three studies comprise the final report. Each document shares an introductory and concluding chapter, along with an individualized assessment of demand factors, supply factors, and housing affordability affecting the community.

Project Overview

This report provides a targeted analysis of the local housing market and community context, which then informs recommendations of strategies and policies specific to the local context. This report is presented in four sections:

- **Demand Factors:** An analysis of the factors affecting demand for housing, including population and household characteristics and employment and wage trends. This chapter includes a summary of the outreach conducted as part of this study.
- **Supply Factors:** An analysis of the factors affecting the supply of housing, including an overview of existing housing stock and market trends for both ownership and rental housing.
- **Affordability Analysis:** An analysis of housing affordability for both rental and ownership housing, that evaluates the cost of housing relative to local household income.
- **Tools and Strategies:** A summary of the local factors that affect the market and need for housing, which serve as the context for the selected tools for implementation. The tools and strategies have been tailored for each county, based on the local context and relative need.

It is important to note that the recommendations are intended to expand the approach within the local communities, and may be most effective if implemented over time. Regarding next steps, it is recommended that elected officials, community stakeholders, and local staff members prioritize actions based on the degree of support. Creating effective housing strategies requires community-wide support, which can be developed incrementally. The goal of these documents is to broaden the awareness of the need, increase the understanding of the options available to address the need, and equip communities to adopt actions to solve problems before the need becomes severe. Based on the experience of other communities in Colorado, there is an incremental nature to multifaceted housing programs and some of the most successful communities have built their programs over time, one program at a time.

Regional and Housing Context

Park, Fremont, and Custer Counties—the three geographies that are the focus of this study—have distinct contexts and each manifest housing needs in different ways.

- Custer County, given its natural beauty and proximity to the Sangre de Cristo Range, is a natural destination for residents seeking homes close to the mountains, many of whom are second home owners. Their impacts can be challenging as they put pressure on the housing supply and yet are only present to contribute to the economy during certain times of the year. Additionally, as a retirement destination the county has an aging population. The area faces challenges in attracting and retaining new workers that are exacerbated by housing challenges. To address these challenges, new development that is targeted to the local workforce should be the focus within municipal boundaries where infrastructure is available and scaled costs can be achieved.
- Fremont County has the largest employment and population base of the three areas. The area has experienced slow growth in both population and housing, with an extended period of slow/no new housing development. Fremont County has recently expanded its employment base and is also attracting a large share of retirees, given the value presented by the local housing market. As a result of this pressure, housing costs in the area have risen dramatically in the recent past, and households relying on local wage levels are finding fewer and fewer options (particularly renters). Within this backdrop of increasing costs, decreased quality of housing has become a more frequently cited problem. Financial challenges are a barrier to new housing development; however, there are a number of local opportunities—including labor force availability, land availability, and partnerships—that should be utilized to address housing challenges.

- Park County has the largest area of the three counties, a characteristic that creates distinct needs and opportunities across the various submarkets of the county. The Bailey area is facing challenges related to the Denver Metro area real estate and employment market, while the Fairplay and Alma area is facing issues related to its proximity to Summit County. Commuting plays a large role in both these areas, and so the needs of local residents are often distinct from the needs of local employees. Housing availability and affordability are also challenging elsewhere in the county and local wage-earners (those employed within Park County) are particularly challenged in all submarkets of the county. There are strong local opportunities for both partnerships and policy changes to address housing issues, particularly for local employees.

Although each of the three counties is unique, there are also commonalities among the communities. For example, the role of housing as a basis for economic development is central to all three areas, as well as the need to alleviate pressure on the market, providing greater breadth of housing opportunity, housing quality, and ultimately stabilizing costs.

Why Focus on Housing?

Housing provides shelter, safety, and security; the availability of safe, quality, affordable housing is critical for all populations. In addition, provision of housing for everyone in a community has ripple effects throughout an economy. When there is sufficient and appropriate housing available, businesses can attract and retain employees, the region can support new businesses, and the economy is able to grow and develop. Additionally, when employees at all wage levels can afford housing in the community the area is able to successfully provide other services such as education, healthcare, childcare, and recreation. A strong housing context benefits existing residents and employees, future residents and employees, the local economy, and overall growth and success of the area.

Affordability Defined

Affordable housing generally refers to housing that costs a household no more than 30 percent of its income. "Affordable housing" can also be used as a specific term to refer to an official program and/or use of funds for housing, often for a targeted population or income bracket. Affordability is specified in terms of the Area Median Income (AMI), which represents the income level at which half the households in the community earn below and half the households in the community earn above. For example, housing affordable to a household at 100 percent AMI would mean that a household earning exactly the Area Median Income spends no more than 30 percent of that income on housing. A variety of terms are often used in relation to affordable housing. The most common terms are defined below.

Area Median Income (AMI): Households are categorized by income as a percent of the area median.

Cost Burden: A household that spends over 30 percent of income on housing is considered to be cost-burdened.

Affordable Housing: A general term for housing that is "affordable" to a given household (i.e. less than 30 percent of income is spent on housing costs).

Very Low Income Housing: Housing that is affordable to households earning between 30 percent and 50 percent of AMI.

Low Income Housing: Housing that is affordable to households earning between 50 percent and 80 percent of AMI.

Workforce Housing: Housing that is affordable to households earning between 80 percent and 100 percent of AMI.

Attainable Housing: Housing that is affordable to households earning more than 100 percent of AMI.

How to Use this Document

This document is intended to be a guide for the community, housing developers, elected and appointed officials, staff from public agencies, and other community advocates. This is both a needs assessment and a framework for action; it identifies needs and sets a direction for implementing goals and objectives related to housing. Implementation of this plan requires the joint participation and coordination of multiple partners, including towns, cities, counties, utility and other infrastructure providers, the development community, and the communities at large. Specific applications for these groups include:

- **Community Members –** The goals and objectives presented here cannot happen without the support of the broader community. Stakeholders should ensure frequent communication with the community at large, articulating the priorities, goals, and objectives outlined to create an understanding of what types of housing are needed and can be expected over time. This dialogue should also address feasibility and readiness as it relates to setting priorities.
- **Developers –** Many of the action items of this strategy will fall to developers to execute. The process of 'going vertical' with a housing project requires a developer to gauge risk, underwrite accordingly, construct, and then sell or manage the ongoing operations. This document should be used to help guide this process, informing decisions throughout such that the end product achieves the desired community housing goals.
- **Elected and Appointed Officials –** One of the challenges with housing, and affordable housing in particular, is integrating the prioritized principles across multiple categories of decision making. Land use policy, infrastructure funding opportunities and priorities, public finance approvals, land acquisition and assemblage, and partnership formation are several examples that tend to be completed in isolation of broader community objectives. Ideally, however, these will be completed within the framework of adopted priorities related to housing. An integrated approach has the potential to achieve a more effective and longer lasting impact on the community.
- **Public Agency Staff –** An important opportunity for staff from cities, towns, counties, and other agencies and entities is to integrate the direction identified in this document into the day-to-day planning of projects and decision making. Ensuring the integration of these priorities across multidisciplinary entities will be critical to the long term success of affordable housing development.

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2. Demand Factors

This chapter provides an economic and demographic overview of Fremont County, Colorado, focusing on population and household characteristics, economic conditions, and feedback from outreach efforts including a survey of major employers, a survey of Colorado Department of Corrections (CDOC) employees at Fremont County locations, and a series of focus groups. These data form the baseline for the "demand factors" of housing need, determining community need, quantifying housing issues and preferences, and identifying priority action areas.

Population Characteristics

Fremont County had a total 2018 population of 47,980. Approximately 17 percent of those residents—or close to 8,200 people—were living in group quarters, as shown in **Table 1**. This population category accounts for all people not living in housing units. In Fremont County, this is largely those persons living in correctional facilities. This population group has been decreasing as a share of the total county population, from 20 percent in 2000 to 17 percent in 2018. Because those living in group quarters are not in housing units and thus do not directly affect housing demand, only the non-group quarters population is considered for the purposes of this analysis.

Table 1. Group Quarters Population, 2000-2018

				2000-2010			2010-2018		
Description	2000	2010	2018	Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Population									
In Group Quarters	9,143	8,704	8,177	-439	-44	-0.5%	-527	-66	-0.8%
In Households	37,002	38,120	39,802	1,118	112	0.3%	1,682	210	0.5%
Total	**46,145**	**46,824**	**47,979**	**679**	**68**	**0.1%**	**1,155**	**144**	**0.3%**
Percent Group Quarters	*20%*	*19%*	*17%*						

Source: ESRI; Economic & Planning Systems

Considering only the non-group quarters population, Fremont County grew from 38,120 in 2010 to 39,800 in 2018, growth of 1,680 residents or an average of 210 residents per year (0.5 percent annual growth), as shown in **Table 2**. Population growth in the county has been faster since 2010 than from 2000 to 2010, when the county averaged 0.3 percent annual growth, or 112 new residents per year. While all areas of the county are growing relatively slowly—at less than 1 percent annual population growth—Cañon City and Florence have experienced faster growth than the unincorporated county since 2010. This slow growth rate affects housing demand and development, as new development tends to occur when there is increased demand from new residents.

Table 2. Fremont County Population Growth, 2000-2018

Description	2000	2010	2018	2000-2010 Total	2000-2010 Ann. #	2000-2010 Ann. %	2010-2018 Total	2010-2018 Ann. #	2010-2018 Ann. %
Non-Group Quarters Population									
Cañon City	14,408	14,841	15,645	433	43	0.3%	804	101	0.7%
Florence	3,751	3,790	4,051	39	4	0.1%	261	33	0.8%
Unincorp. Fremont County	18,843	19,489	20,106	646	65	0.3%	617	77	0.4%
Fremont County Total	**37,002**	**38,120**	**39,802**	**1,118**	**112**	**0.3%**	**1,682**	**210**	**0.5%**

Source: ESRI; Economic & Planning Systems

There were just under 17,300 households in Fremont County in 2018. Between 2000 and 2010, the county added 1,350 households—growing from a 15,230 to 16,580 as shown in **Table 3**. Households in the county increased at a faster rate than population over this time at 0.9 percent annually—averaging 135 new households each year—compared to 0.3 percent annual population growth, an average of 112 new residents annually. This trend reversed from 2010 to 2018, with the county adding more residents than households over this time (1,680 residents and 700 households) and both groups experiencing the same growth rate of 0.5 percent per year. A higher level of household growth compared to population growth is counter to the expected growth trend. There are a number of factors that may have contributed to this pattern, an aging population and a decreasing average household size.

There were an estimated 17,300 households in Fremont County in 2018. Between 2000 and 2010, the county added 1,350 households—growing from a 15,230 to 16,580 as shown in **Table 3**. During this time period, household growth in the county increased at a faster rate than the population. Average annual household growth was 0.9 percent or 135 new households each year. By comparison, population growth was 0.3 percent or 112 new residents annually. This trend reversed from 2010 to 2018 with the county adding more residents than households. The county grew by an estimated 1,680 residents and 700 households, each category experiencing the same growth rate of 0.5 percent per year. A higher level of household growth compared to population growth is counter to the expected growth trend. There are a number of factors that may have contributed to this pattern, including an aging population and a decreasing average household size.

Fremont County has a lower average household size than the state, at 2.30 persons per household compared to 2.52 for the state overall. Average household size in the county decreased from 2.43 in 2000 to 2.30 in 2010, a level that has remained consistent since. Both Cañon City and Florence have experienced small increases over this time; the average household size in Cañon City has increased from 2.23 persons in 2010 to 2.27 in 2018, while in Florence average household size increased from 2.40 in 2010 to 2.46 in 2018.

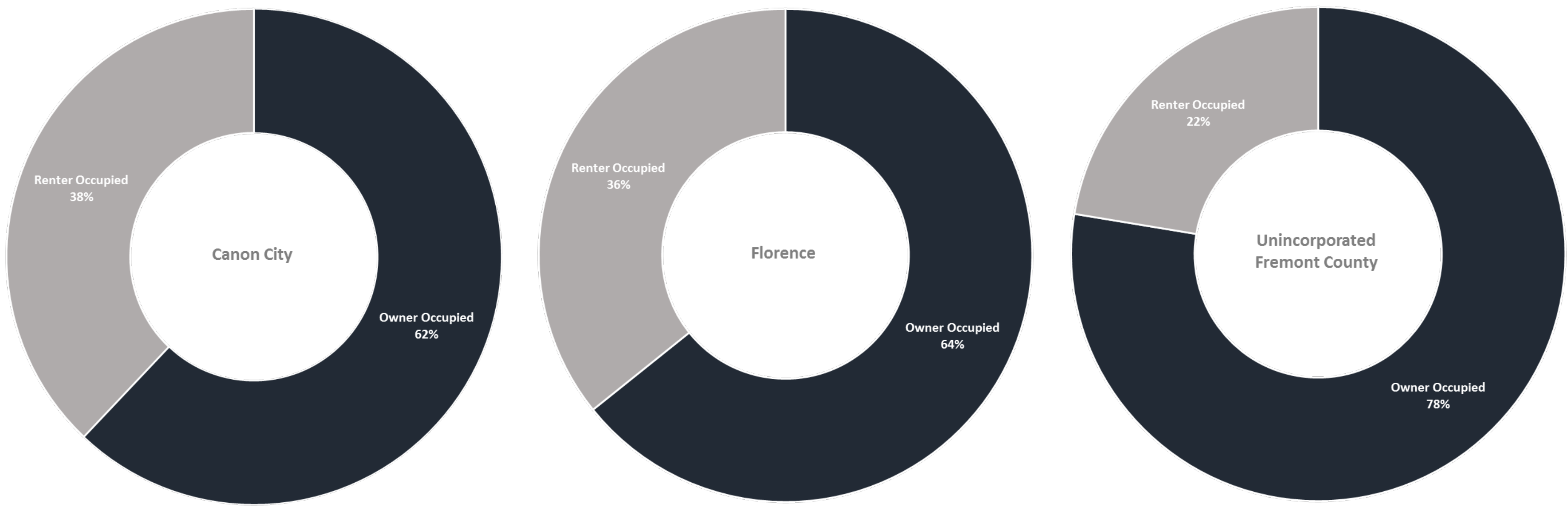
Table 3. Fremont County Household Growth, 2000-2018

Description	2000	2010	2018	2000-2010 Total	2000-2010 Ann. #	2000-2010 Ann. %	2010-2018 Total	2010-2018 Ann. #	2010-2018 Ann. %
Households									
Cañon City	6,166	6,642	6,885	476	48	0.7%	243	30	0.5%
Florence	1,501	1,580	1,650	79	8	0.5%	70	9	0.5%
Unincorp. Fremont County	7,565	8,360	8,751	795	80	1.0%	391	49	0.6%
Fremont County Total	**15,232**	**16,582**	**17,286**	**1,350**	**135**	**0.9%**	**704**	**88**	**0.5%**

Source: ESRI; Economic & Planning Systems

Countywide, 70 percent of households own their homes while 30 percent rent. This is a higher rate of ownership than the state as a whole, where 64 percent of all households own their homes and 36 percent rent. Within the county this rate varies, as shown in **Figure 1**. Cañon City has the highest proportion of renters, at 38 percent. In Florence 36 percent of households rent their home, while the unincorporated county has a higher rate of homeownership, with only 22 percent of households renting.

Figure 1. Housing Tenure, 2018



Source:ESRI; Economic & Planning Systems

All areas of the county have seen an increase in renters and decrease in homeowners since 2000. Countywide the share of renters increased from 24 percent of households to 30 percent in 2018, alongside a decrease in owner-occupied housing units from 76 percent to 70 percent, as shown in **Table 4**. This trend has been greatest in Florence, where owner-occupied units decreased from 74 percent to 64 percent, while renter-occupied housing increased from 26 percent to 36 percent.

Table 4. Housing Tenure by Location, 2000-2018

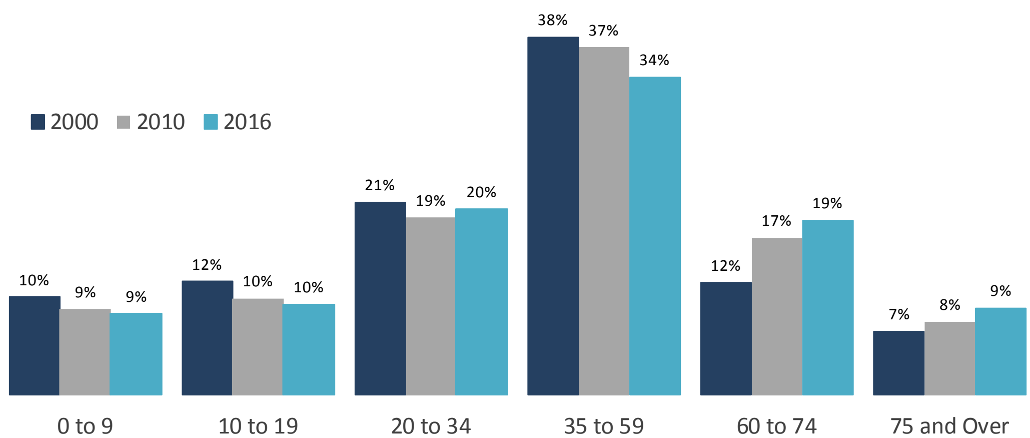
Description	2000	2010	2018
Fremont County			
Owner-Occupied	76%	75%	70%
Renter Occupied	24%	25%	30%
Cañon City			
Owner-Occupied	68%	67%	62%
Renter Occupied	32%	33%	38%
Florence			
Owner-Occupied	74%	67%	64%
Renter Occupied	26%	33%	36%
Unincorporated County			
Owner-Occupied	83%	83%	78%
Renter Occupied	17%	17%	22%

Source: ESRI; Economic & Planning Systems

Aging Population

Fremont County has a significantly older median age (44 years) than Colorado as a whole (36 years), and the county has an aging population. The most significant population growth since 2000 has been in residents aged 60 to 74 years; this group now accounts for 19 percent of the population compared to 12 percent in 2000, as shown in **Figure 2**. Alongside the increase in population aged 60 and older, there has been a decrease in the population under age 20, from 22 percent of the population in 2000 to 19 percent of the population in 2016. Over this same time, the population aged 20 to 34 has remained at approximately 20 percent of the total population, while the population share of residents aged 35 to 59—oftentimes the core workforce—has decreased from 38 percent to 34 percent.

Figure 2. Population by Age, 2000-2016



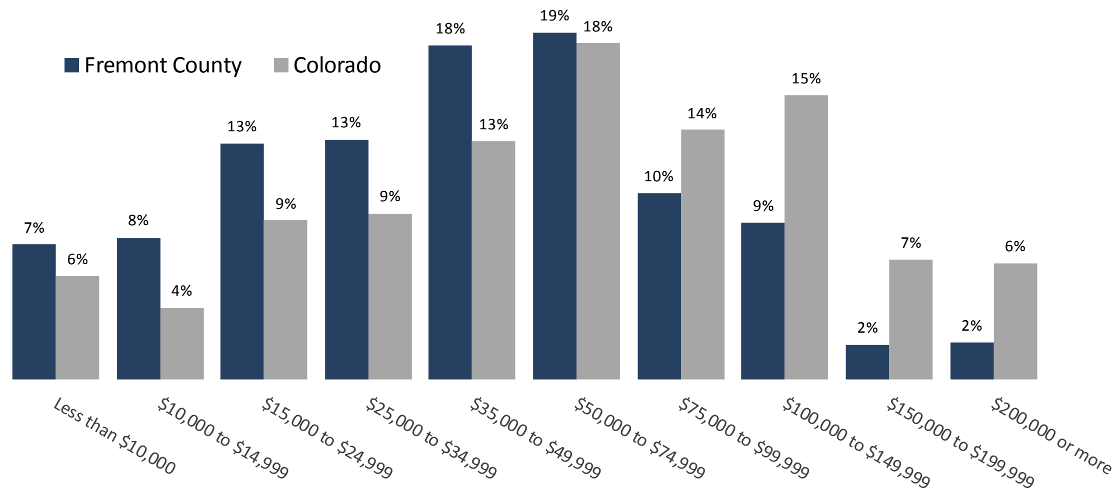
Source: Colorado Department of Local Affairs; Economic & Planning Systems

Income and Employment

Household Income

The median household income in Fremont County is $42,300, which is 32 percent lower than the state's $62,520 median. The county has a higher proportion of households earning under $25,000 per year than the state, at 28 percent compared to 19 percent. Forty-two percent of households across the state earn over $75,000 annually, compared to only 23 percent in Fremont County. As shown in **Figure 3**, the largest income cohorts in Fremont County are households earning $35,000 to $49,999 (18 percent of households) and $50,000 to $74,999 (19 percent of households).

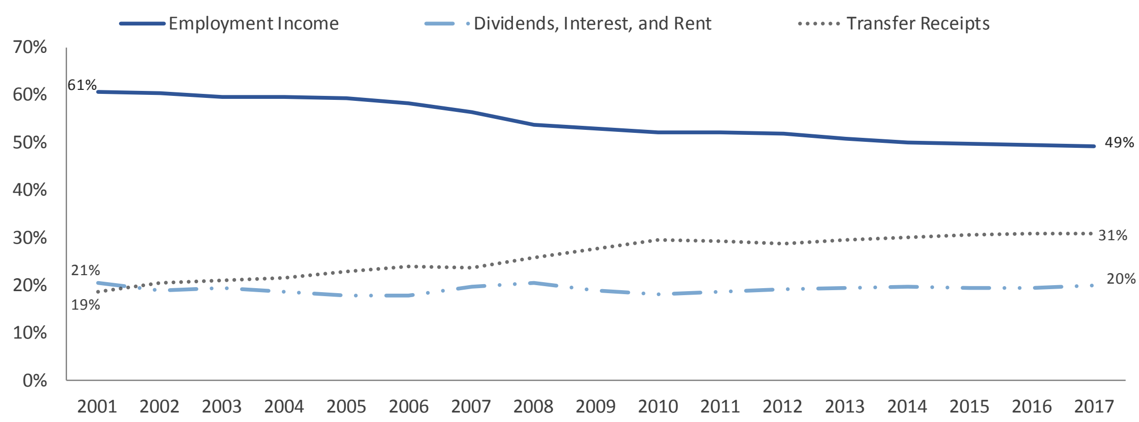
Figure 3. Household Income



Source: US Census; Economic & Planning Systems

Household income is earned from a variety of sources, and the composition of these income sources provides additional community context. As shown in **Figure 4**, in Fremont County 49 percent of income comes from employment, a decrease from 61 percent of income in 2001. Transfer receipts (government payments such as Social Security and other forms of social assistance, which often indicates an older or low-income population) have increased to 31 percent of income, up from 19 percent in 2001. Income derived from dividends, interest, and rent has not changed significantly since 2001 and accounts for 20 percent of income.

Figure 4. Income by Source, 2001-2017

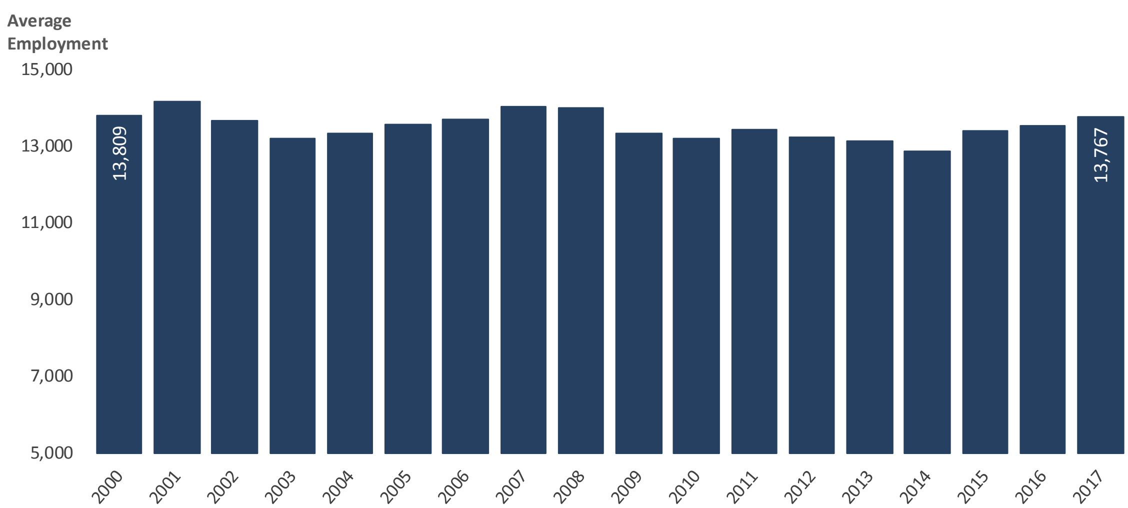


Source: Bureau of Economic Analysis; Economic & Planning Systems

Employment

Total employment is comprised of two categories—"wage and salary" employment, meaning someone works for an employer who provides them a paycheck, and "proprietor" employment, meaning the person works for themselves (e.g. owns their own business). In Fremont County, 28 percent of total employment is proprietors, a slightly higher proportion than the statewide average of 26 percent. In 2017 the county had 13,767 wage and salary jobs. This employment has fluctuated from 2000 to 2017, with year-over-year job change ranging from 5 percent decline (from 2008 to 2009) to 4 percent growth (from 2014 to 2015), as shown in **Figure 5**. Over this time period the county saw a high of 14,175 jobs in 2001 and a low of 12,850 jobs in 2014. Long-term job growth has been flat in the county, with 2017 employment of 13,767 compared to 2000 employment of 13,809. Trends have shifted in recent years, however. The county added over 900 jobs between 2014 and 2017, representing 2.3 percent annual growth.

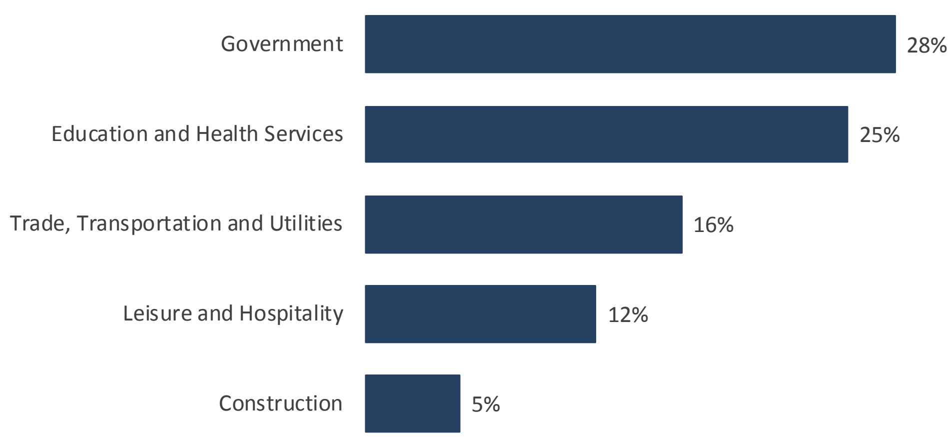
Figure 5. Wage and Salary Employment, 2000-2017



Source: BLS 2nd Quarter; Economic & Planning Systems

Of the county's wage and salary employment, the largest employment sectors are Government (28 percent of jobs), Education and Health Services (25 percent), and Trade, Transportation and Utilities (16 percent), as shown in **Figure 6**. With such a large segment of employment in Government jobs, and most of these jobs provided through state employers (e.g. the Department of Corrections), a significant portion of employment in the county is largely stable, related more to statewide than local conditions.

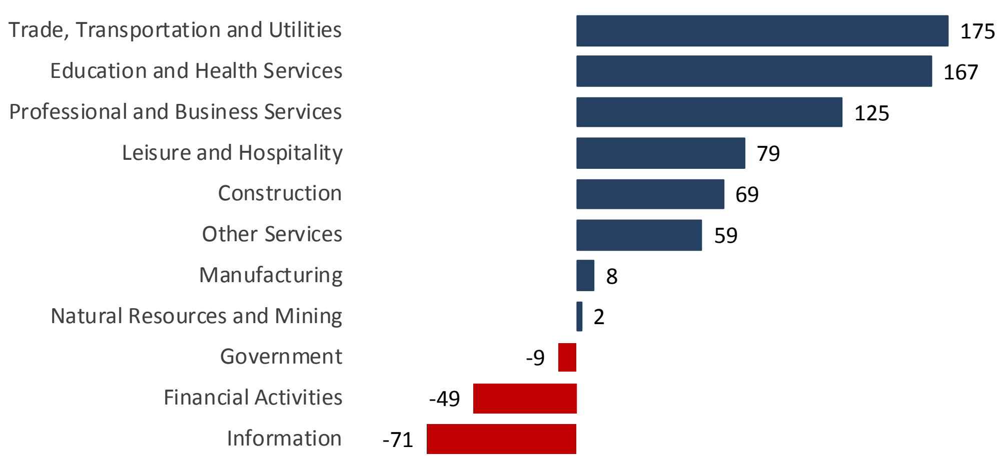
Figure 6. Top Employment Sectors



Source: Bureau of Labor Statistics; Economic & Planning Systems

As shown in **Figure 7**, the Trade, Transportation and Utilities sector experienced the largest growth by number of jobs from 2010 to 2017 (adding 175 jobs), followed closely by Education and Health Services (167 new jobs). These two sectors combined account for over 60 percent of total employment growth. Over this same time period only three employment sectors declined, with a decrease of 71 jobs in the Information sector and 49 jobs in the Financial Activities sector. Government experienced a slight decline of nine jobs.

Figure 7. Change in Employment, 2010 to 2017



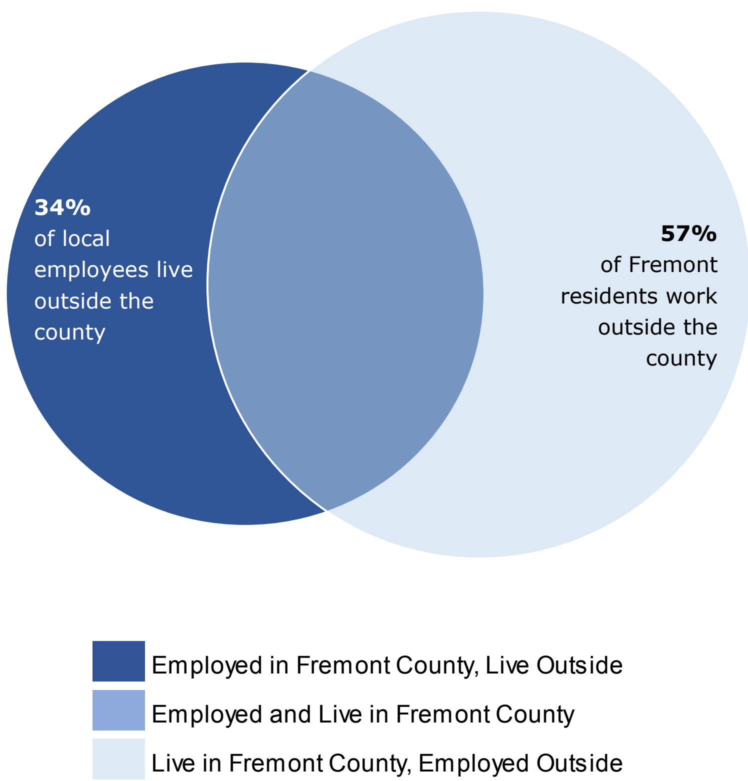
Source: Bureau of Labor Statistics; Economic & Planning Systems

The average annual wage in 2017 across all sectors (excluding proprietors) was $34,500, or just over $16.50 per hour. Highest average wages in the county are paid in Manufacturing ($52,150) and Professional and Business Services ($48,400); the lowest average wages are in Leisure and Hospitality ($14,660). All employment sectors experienced wage growth from 2010 to 2017. Over this time Professional and Business Services and Financial Activities saw the largest average annual increase in wages, with Professional and Business Services increasing from $28,800 to $48,400, or 8.0 percent annual growth, and Financial Activities increasing from $27,300 to $42,900, or 6.7 percent annual growth. Government had the slowest wage growth over this time, at 0.4 percent annually.

Commuting

According to U.S. Census data, 57 percent of Fremont County residents commute out of the county for work, as shown in **Figure 8**. The two largest destinations for out-commuting are Colorado Springs (11.5 percent) and Pueblo (7.5 percent). While these residents leave the county for work, approximately 34 percent of those employed within the county commute in from other locations; Pueblo and Colorado Springs are the largest points of origin, at 6 percent and 5 percent respectively.

Figure 8. Commuting Patterns



Source: LEHD; Economic & Planning Systems

Outreach

In addition to data collection and analysis, a number of outreach activities were conducted throughout this study to gather feedback directly from community members affected by housing issues. This outreach had three main components:

- **Employer Survey:** A web survey of major employers in the county, to better understand how housing issues are affecting their business.
- **Department of Corrections (DOC) Employee Survey:** A web survey of DOC employees at Fremont County locations, to better understand the housing decisions and tradeoffs they make. As a major employer and source of in-commuting, feedback from these employees provides context for the decisions that many local employees are making.
- **Focus Groups:** A series of in-person focus groups to hear directly from those facing housing issues.

Employer Survey

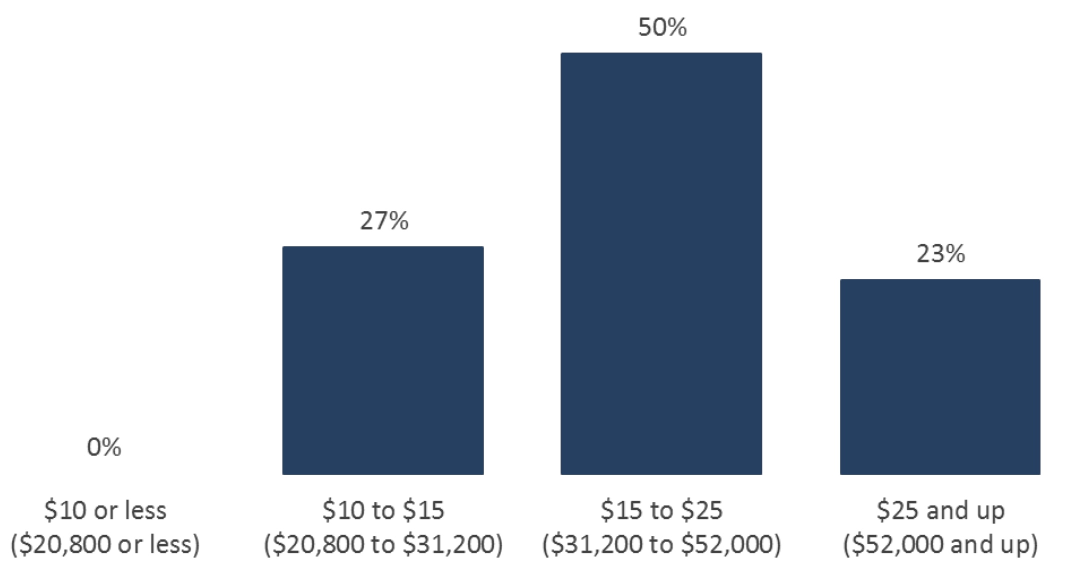
A survey of major employers in Fremont County was conducted in partnership with the Fremont County Economic Development Corporation. The survey was distributed to approximately 90 establishments; responses were collected from January 8th through January 22nd, 2019.

Respondent Characteristics

Fourteen employers responded to the survey, a response rate of 15.5 percent. These employers represented 6,833 full-time and 176 part-time employees, or approximately 50 percent of the county’s workforce, however, the employer size varied greatly among respondents. Larger respondents included government and healthcare related entities with over 100 employees, while several professional and service-oriented respondents had fewer than 10 employees. Thirteen of the fourteen respondents have been in business more than 20 years.

Hourly wages reported for employees at responding organizations are shown in **Figure 9**. Half of all full-time positions fell into the $15 to $25 ($31,200 to $52,000 annually) range. Twenty-three percent of full-time employees earn more than $25 per hour ($52,000 annually). The remaining 27 percent earn between $10 and $15 ($20,800 to $31,200 annually). Insufficient wage data was available for part-time employees.

Figure 9. Employer Survey: Wage Distribution of Reported Full Time Jobs



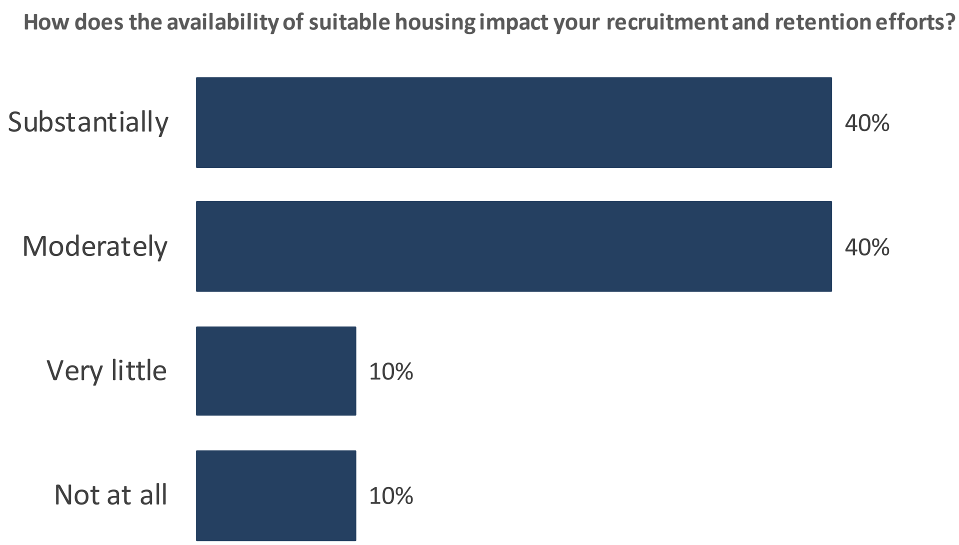
Source: Economic & Planning Systems

Survey Responses

Respondents reported a total of 356 unfilled full-time positions and six unfilled part-time positions. For those that provided wage information associated with these positions, most full-time openings (85 percent) were in the $15 to $25 per hour range. All six unfilled part-time positions were in the $10 to $15 range.

As shown in **Figure 10**, when asked "How does the availability of suitable housing impact your recruitment and retention efforts?" 80 percent of respondents reported that they are substantially or moderately affected; 20 percent are affected very little or not at all.

Figure 10. Employer Survey: Impact on Recruitment



Source: Economic & Planning Systems

Respondents were also asked about the housing problem in general. In response to the question "What is the relative degree of the housing problem today compared to in the past?" 81 percent of respondents reported feeling that the problem is worse or substantially worse than in the past:

- Substantially worse than in the past - 36 percent
- Worse than in the past - 45 percent
- About the same - 18 percent
- Not as bad - 0 percent

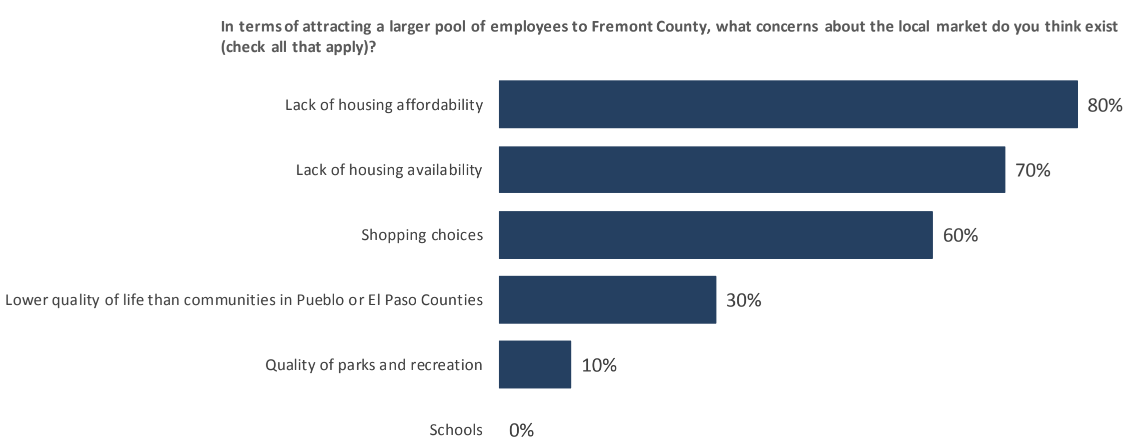
When asked how affordable housing for local residents and employees compares to other problems in the county, 73 percent of respondents reported it as the most critical or one of the more serious problems:

- The most critical problem - 9 percent
- One of the more serious problems - 64 percent
- A problem among others needing attention - 18 percent
- One of the county's lesser problems - 9 percent

To relate housing needs to their employees' situations, respondents were asked about the optimal price range that would help employees find housing. There was a range of answers provided, with optimal rental housing costs ranging from $575 to $990 per month, and optimal purchase price ranging from $111,600 to $237,000. A household income between $23,500 and $39,500 would be needed to afford the stated rental housing costs, and an income between $31,750 and $59,250 would be needed to purchase a home in the given price range. Of the full-time positions and wages reported by respondents, three-quarters of positions earn enough to afford the stated ownership range, while nearly all positions earn enough to afford the stated rental range.

In considering the broader community context, the survey presented a list of potential concerns related to attracting employees to Fremont County. Respondents were able to choose multiple answers, and results are shown in **Figure 11.** Lack of affordable housing was selected by 80 percent of respondents, and lack of available housing by 70 percent. Shopping choices were also a concern reported by 60 percent of respondents. When asked through an open answer question what amenities are missing in the community, multiple respondents listed a recreation center and quality shopping and dining as issues.

Figure 11. Employer Survey: Local Market Concerns



Source: Economic & Planning Systems

Respondents were also asked to list community strengths that should be communicated to prospective residents and employees. Multiple respondents listed outdoor recreation opportunities and a friendly, supportive community character as positive attributes.

The feedback received through this survey indicated that both affordability and availability of housing are challenges throughout the county. Employers are currently feeling the impacts of these challenges in recruitment and will likely continue to face issues if the situation continues or worsens.

CDOC Employee Survey

This section summarizes results from a survey conducted of Colorado Department of Corrections (CDOC) employees at facilities within Fremont County. The survey asked about housing needs and preferences, and results can be used to help gauge and nuance demand for housing in Fremont County.

The survey was distributed to 2,086 CDOC employees. Responses were collected from January 15th to January 28th, 2019; 193 responses were received, a response rate of 9 percent.

Place of Residence

Sixty-five percent of survey respondents currently live in Fremont County, while 35 percent commute to the Cañon City area from outside of Fremont County. A detailed distribution of respondents' home locations is shown in **Figure 12**. Survey respondents were not representative of the employee population in this regard. Based on information from CDOC, 55 percent of all employees at Fremont locations live outside of Fremont County, and 45 percent live in the county, as shown in **Figure 13**.

Figure 12. CDOC Survey: Respondents' Place of Residence

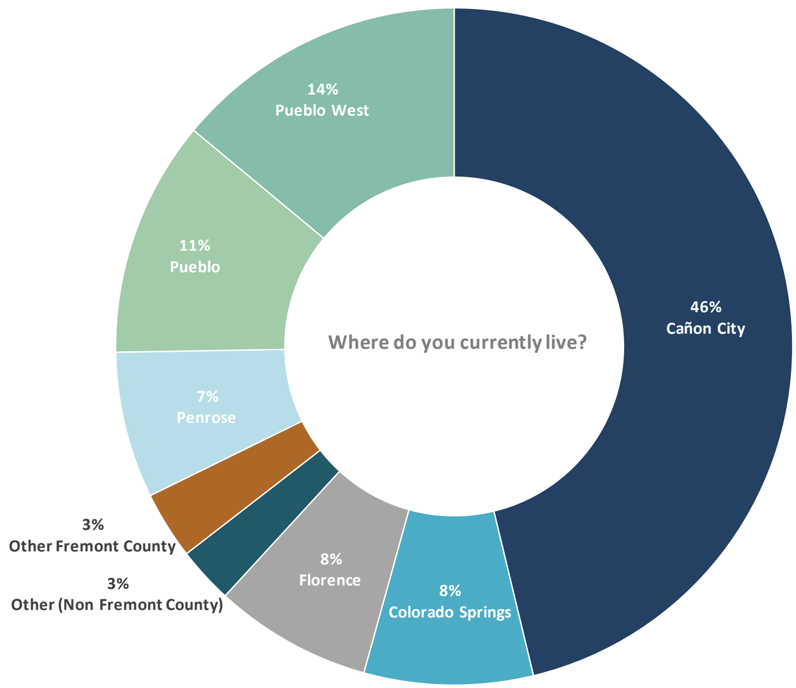
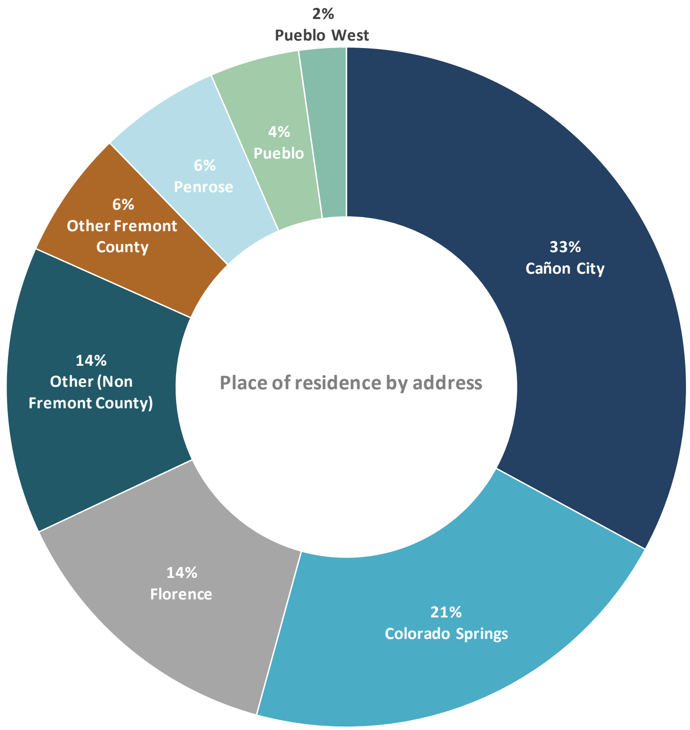


Figure 13. CDOC: All Employees Place of Residence



Household Type

Household characteristics of all survey respondents are summarized in **Table 5**. Couples with children make up 36 percent of all respondents; this figure was consistent among respondents who do and do not currently live in Fremont County. Twenty percent of respondents' households are couples without children, 14 percent are empty nesters or retired with no children at home, and 12 percent of respondents are a single parent.

Table 5. CDOC Survey: Household Type

Which best describes your household?	
Couple with child(ren)	36%
Couple without children	20%
Empty nester(s) or retired (no children at home)	14%
Single parent with child(ren)	12%
Adult living alone	10%
Immediate and extended family	4%
Other (please specify)	3%
Unrelated roommates	2%
	100%

Source: Economic & Planning Systems

Of all respondents, 82 percent own their home and 17 percent rent, while 1 percent reported another housing arrangement. The proportion of owners is higher for Fremont County residents, at 86 percent of respondents, compared to non-Fremont County residents (commuters), at 75 percent of respondents, as shown in **Table 6**. These responses may be over-representative of ownership households.

Most respondents (89 percent) currently live in a single family detached home. Five percent live in mobile homes, 3 percent live in a townhome or duplex, and the remaining 4 percent live in apartments, condos, or other housing situations. This distribution of housing types is consistent for both Fremont County residents and commuters.

Table 6. CDOC Survey: Housing Tenure

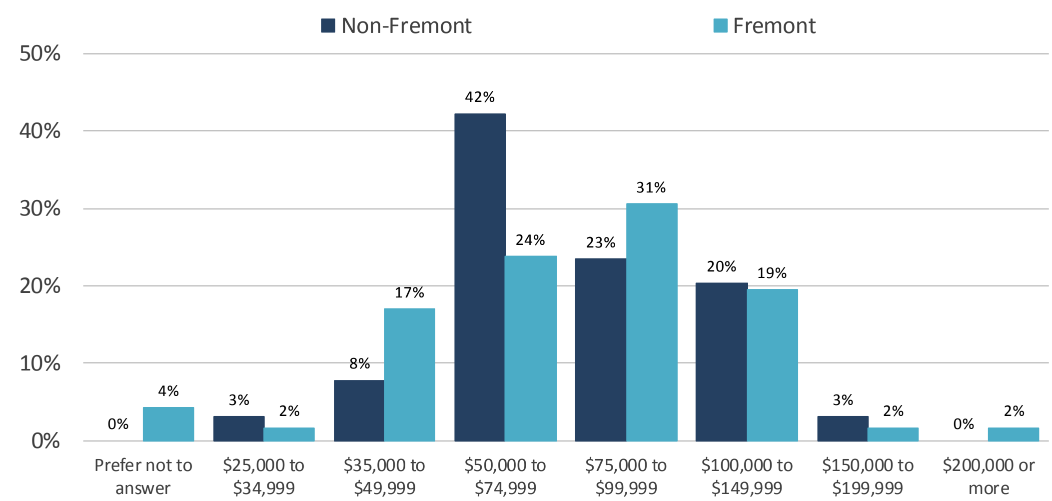
Do you own or rent your home?	Non-Fremont Residents	Fremont Residents	All Respondents
Own	75%	86%	82%
Rent	25%	12%	17%
Other	0%	2%	1%

Source: Economic & Planning Systems

Income and Housing Costs

Respondents were asked to report their total household income (for all earners). Approximately 60 percent of all survey respondents have household incomes between $50,000 and $100,000. Income distribution varies widely between Fremont residents and commuters, as shown in **Figure 14**. Forty-two percent of employees who commute from outside the county have a household income of between $50,000 and $75,000, while only 24 percent of Fremont County residents fall into this category. Twenty-three percent of Fremont County residents have household incomes of less than $50,000, while this figure is 11 percent for commuters. The split between residents and commuters for households earning over $100,000 is the same, with 23 percent of Fremont County residents and commuters both reporting this household income.

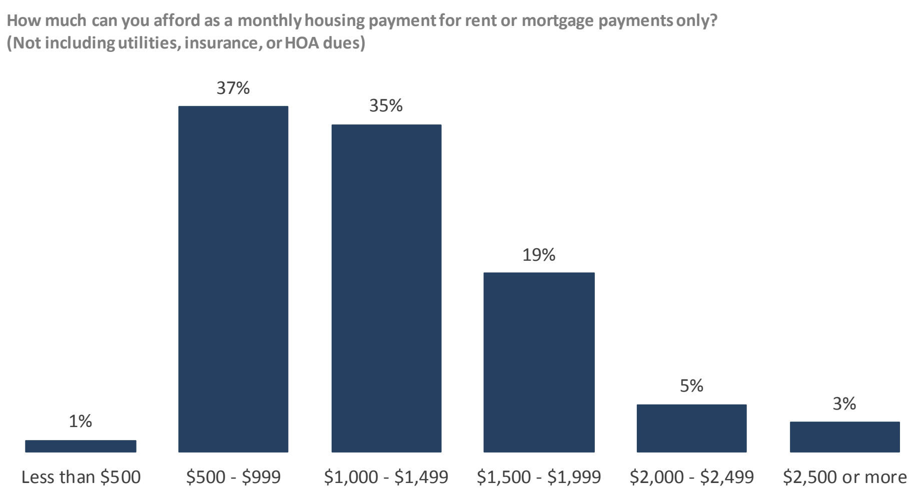
Figure 14. CDOC Survey: Household Income Distribution



Source: Economic & Planning Systems

In relation to household income, respondents were asked how much they can afford as a monthly housing payment for rent or mortgage payments (excluding insurance, utilities, and HOA dues). As shown in **Figure 15**, 37 percent reported that they can afford payments between $500 and $999 and 35 percent can afford between $1,000 and $1,499. Payments between $1,500 and $1,999 are affordable to 19 percent of respondents, while only 8 percent can afford payments of $2,000 or more.

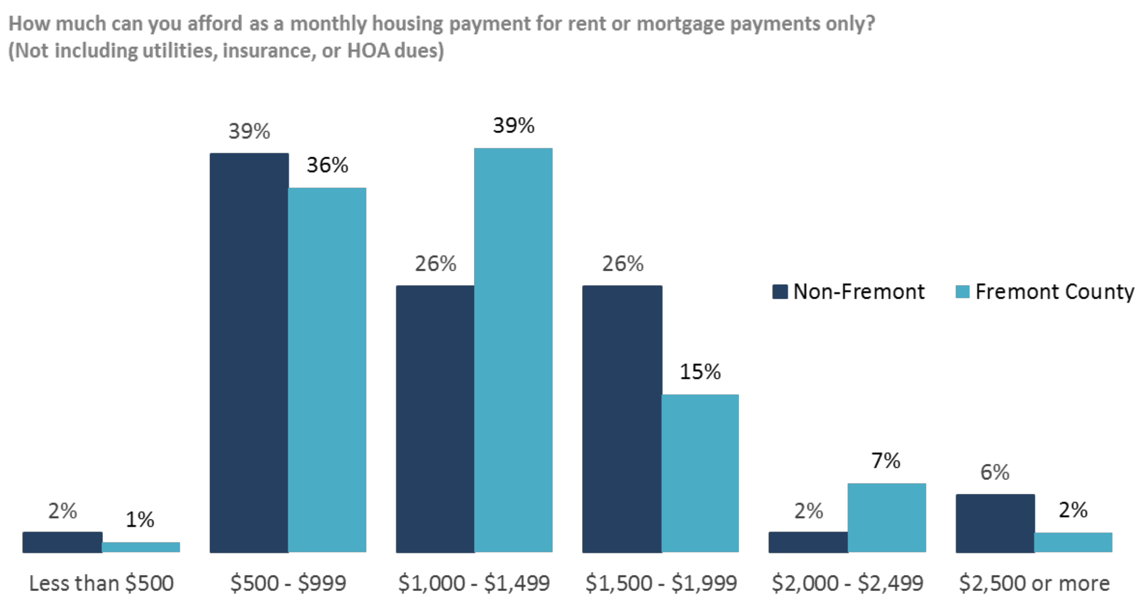
Figure 15. CDOC Survey: Affordable Monthly Housing Payment



Source: Economic & Planning Systems

This data is further broken out by Fremont County residents and commuters in **Figure 16**. As shown, 41 percent of commuters and 37 percent of county residents can afford less than $1,000 per month in housing payments. Costs of between $1,000 and $1,500 per month are affordable to 26 percent of commuters and 39 percent of local residents, while 34 percent of commuters can afford $1,500 per month or more in housing payments, compared to 24 percent of county residents.

Figure 16. CDOC Survey: Affordable Monthly Housing Payment by Home Location

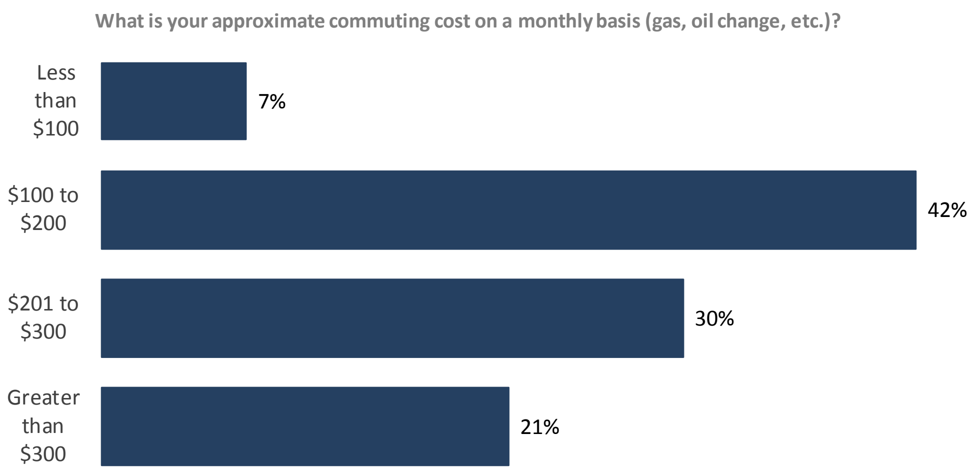


Source: Economic & Planning Systems

Commuting

Approximately one-third of survey respondents commute to the Cañon City area from outside of Fremont County. Of those respondents, 34 percent drive 30 or fewer miles (one way), 43 percent drive between 30 and 50 miles, and 22 percent drive 50 miles or more. The majority of these commuters (84 percent) drive alone, while 10 percent carpool, and 6 percent sometimes carpool. When asked about the costs associated with commuting, 72 percent of respondents reported spending between $100 and $300 per month, as shown in **Figure 17**.

Figure 17. CDOC Survey: Monthly Commuting Cost (Gas, Oil Change, Etc.)



Source: Economic & Planning Systems

Housing Choices

The survey asked respondents who do not currently live in Fremont County about interest in living in the county, if suitable housing was available. Over half of respondents (58 percent) have no interest in moving to Fremont County, as shown in **Table 7**. Seven percent of respondents are interested in moving as soon as they find a suitable living arrangement, and 18 percent are interested in moving in the next 5 to 10 years. Sixteen percent of respondents indicated a possible interest in moving to Fremont County.

Table 7. CDOC Survey: Interest in Moving to Fremont County

Would you be interested in living in Fremont County if suitable housing was available?		
Yes - as soon as I can find a place that is suitable for me	5	7%
Yes - in the next 5 years	10	15%
Yes - in the next 10 years	2	3%
Maybe	11	16%
No - not at all	39	58%
	67	**100%**

Source: Economic & Planning Systems

Examining respondents' interest in moving to Fremont County by their affordable monthly housing payment shows a difference in interest by housing affordability, as shown in **Table 8**. Those who reported no interest in moving into the county can afford the highest housing payment, at an average of $1,484 per month. Respondents with the most immediate interest in moving can afford approximately $1,100 per month in housing costs ($1,130 for those with immediate interest and $1,056 for those interested in the next five years). Those with longer-term interest in the area have the lowest affordable housing costs, at $900 per month for those interested in the next 10 years and $973 per month for those who may be interested in the area.

Table 8. CDOC Survey: Interest in Moving to Fremont County by Affordable Payment

Would you be interested in living in Fremont County if suitable housing was available?	**Average Affordable Monthly Payment**
Yes - as soon as I can find a place that is suitable for me	$1,130
Yes - in the next 5 years	$1,056
Yes - in the next 10 years	$900
Maybe (please explain)	$973
No - not at all	$1,484

Source: Economic & Planning Systems

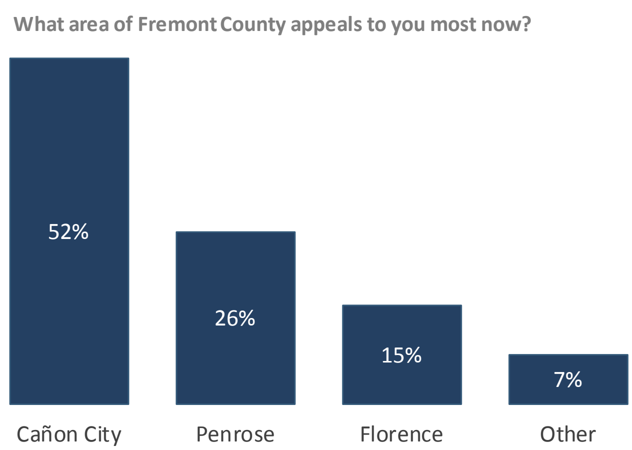
The majority of respondents (80 percent) who expressed an immediate interest in moving to Fremont County had incomes between $50,000 and $74,999; the remaining 20 percent had incomes between $75,000 and $99,999. Of the respondents interested in the next five years, 60 percent had household incomes between $75,000 and $99,999 and 20 percent had incomes between $75,000 and $99,999. Relating these incomes to home prices, an “affordable” purchase price for a household earning $50,000 in Fremont County is approximately $193,200, while a household earning $100,000 can afford a home up to $420,600.

Those respondents who expressed an interest in living in Fremont County (those who answered “Yes” or “Maybe”) were asked to choose their top three preferences related to housing when relocating to Fremont County. Top responses to this question were:

- I need a single family home with its own yard (85 percent selected in top 3)
- Affordable rent or price is my main concern (56 percent)
- I need a lot of space for my family (30 percent)
- I would like a low-maintenance townhome or small cottage (7 percent)
- I would like to own a condominium (4 percent)

These respondents were also asked which area of Fremont County they find most appealing; responses are shown in **Figure 18**. Over 50 percent of respondents identified Cañon City as the most appealing area to live; 26 percent chose Penrose, while 15 percent chose Florence.

Figure 18. CDOC Survey: Most Appealing Area of Fremont County



Source: Economic & Planning Systems

Those respondents who did not express an interested in living in Fremont County were asked to identify why not. Given the choice of up to three options, lifestyle (21 percent of respondents), lack of amenities (15 percent), and city size (14 percent) were the top specific responses, as shown in **Table 9**. “Other” was the most commonly chosen category, with 22 percent of respondents identifying it in their top 3; responses within this category included reasons related to familial obligations and satisfaction with respondents’ current location.

Table 9. CDOC Survey: Reasons for No Interest

If you answered "No-not at all", why are you not interested?	
Other	22%
Doesn't match my lifestyle	21%
Not enough amenities	15%
I want to live in a bigger city	14%
Looking for different types of schools	8%
Looking for something higher end	6%
Too expensive for my budget	4%
Need more space for my stuff	4%
It doesn't feel safe	4%
Need off-street parking	3%
	100%

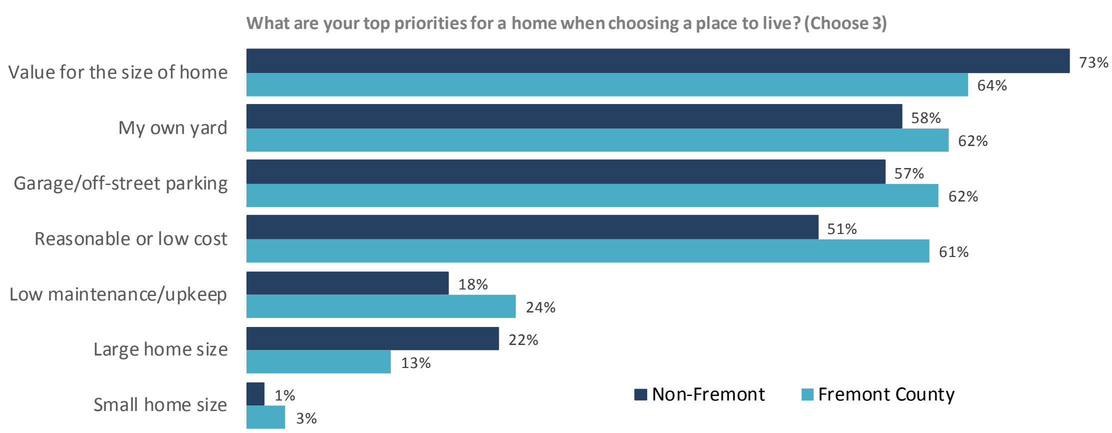
Source: Economic & Planning Systems

Housing Preferences

All respondents were asked to select three top priorities for a home when choosing a place to live. The most common answer for both Fremont County residents and commuters was "value for the size of home," chosen by 64 percent of Fremont residents and 73 percent of commuters, as shown in **Figure 19**. This was followed by "my own yard," chosen by 62 percent of Fremont residents and 58 percent of commuters, and "garage/off-street parking," chosen by 62 percent of Fremont residents and 57 percent of commuters. Reasonable or low cost was a similar priority level for Fremont residents, chosen by 61 percent, and slightly less for commuters, chosen by 51 percent of respondents.

Fewer than 25 percent of respondents (either Fremont residents or commuters) identified "low maintenance/upkeep," "larger home size," or "small home size" as one of their top three priorities for a home.

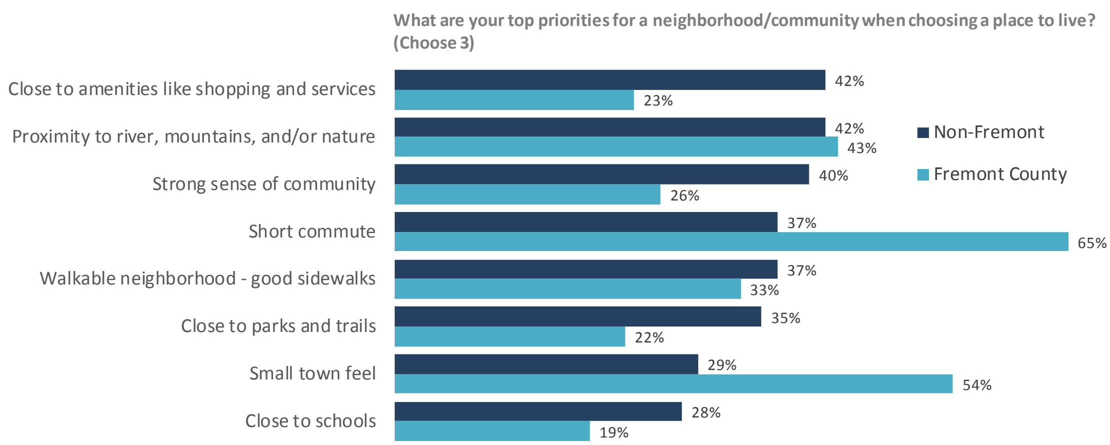
Figure 19. CDOC Survey: Top Priorities for a Home



Source: Economic & Planning Systems

Similarly, respondents were asked to select three top priorities for a neighborhood or community when choosing a place to live. Results are summarized in **Figure 20**. For commuters, being close to amenities and being close to nature were the top priorities, both identified by 42 percent of respondents as one of their top three priorities. These were followed closely by sense of community, identified by 40 percent of respondents as a top-three priority. For respondents who live in Fremont County, having a short commute was the clear top choice, identified by 65 percent of respondents as a top-three priority for a neighborhood or community. This was followed by a small town feel, chosen by 54 percent of respondents. Proximity to nature was also a high priority for this group, chosen by 43 percent of respondents.

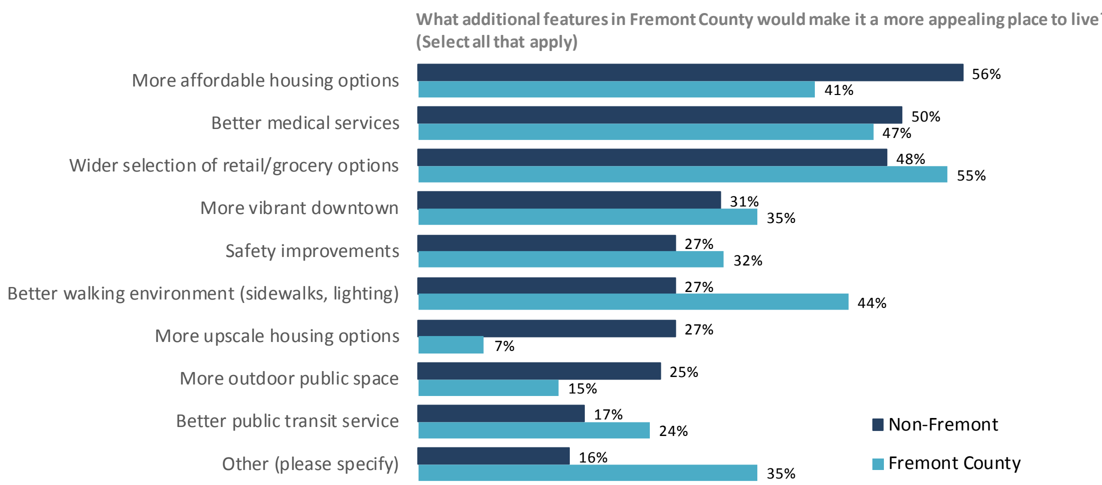
Figure 20. CDOC Survey: Top Priorities for a Neighborhood



Source: Economic & Planning Systems

Finally, respondents were asked what additional features in Fremont County would make it a more appealing place to live. Results are summarized in **Figure 21**. "More affordable housing options" was most important to respondents who don't currently live in the county, with 56 percent identifying it as an additional feature that would make Fremont County more appealing. A "wider selection of retail/ grocery options" was the top response for Fremont County residents, identified by 55 percent of respondents, and the third most common response for commuters (48 percent of respondents). "Better medical services" was similarly important to all respondents, chosen by 50 percent of commuters and 47 percent of Fremont residents.

Figure 21. CDOC Survey: Additional Features



Source: Economic & Planning Systems

Additional Comments

At the end of the survey, respondents were asked to share additional thoughts. Most of the comments provided fell into three key themes:

Housing variety and affordability

- Rental options are limited, overpriced, and not well-maintained.
- Price per square foot is high in Cañon City, especially compared to Pueblo West.
- Many for-sale homes require substantial updates, making them effectively unaffordable.
- Single-income families and people in entry-level jobs have the hardest time finding housing.
- Wages paid by major employers in Fremont County are not aligned with the high home prices.

Recreation

- Fremont County needs better recreation opportunities, especially for teens and families with children.
- There should be a focus on indoor opportunities for residents, as opposed to outdoor opportunities for tourists.
- Several respondents expressed the desire for a YMCA or community center, especially with an indoor pool.

Restaurants and Retail

- A wider variety of restaurants, grocery stores, and shopping options would make Fremont County a more desirable place to live.

Focus Groups

In February 2019, a series of focus groups were held to gather detailed information and feedback on housing challenges and opportunities in Fremont County. A number of key themes emerged across all of these discussions:

1. ***There is a need for additional housing inventory in Fremont County, across the full spectrum of housing types and costs.***

   Each group expressed the need for more housing in the county. This includes both rental and ownership, at varying price points (from affordable for those earning less than 60 percent of AMI through to executive housing), and every home type (including apartments, duplexes, fourplexes, townhomes, condominiums, and single family detached homes). The impacts of this limited inventory are being felt across the entire population: Section 8 voucher holders are having vouchers expire because they cannot find housing; young people moving to the area struggle to find a place to live; and many employers are facing prospective candidates turning down offers of employment because of a lack of housing.

2. ***Much of the existing housing stock is of poor quality.***

   A lack of new housing development, coupled with strong demand, has resulted in a disincentive for owners to invest in their properties. Because of the supply pressure, rents and sales prices are strong and are not as dependent on the quality of the product as they would be in a market with a strong supply of new or good quality housing.

3. ***Two major barriers to new housing development are high costs and challenges in obtaining funding/financing.***

   High construction costs and a shortage of skilled labor are challenges being felt statewide. An additional challenge to new housing development in Fremont County is a hesitation on the part of banks and lending institutions to lend to new housing development. Loans to developers can have requirements of up to 50 percent down payment, making development cost-prohibitive for almost any builder. There is a lack of large-scale, local developers with the resources to secure construction loans for projects.

4. ***There are significant opportunities within Fremont County to address housing challenges.***

   The county has strong existing relationships between organizations, both within the county and across the state. These established relationships are an opportunity for groups and organizations to work together in addressing these housing challenges. There are opportunities for public/private partnerships or other strategies to overcome the financing challenges with new development. Additionally, there is an understanding that policy changes are needed to incentivize the diversified housing stock that is desired. Other local opportunities include the Home Bi-Ed program, which may be able to partner in small-scale housing development.

"Next Generation"

This focus group was made up of younger residents and workers in Fremont County—those in their 20s and 30s who either grew up in the area, moved into the area, or work in the area. Key issues heard from this group included:

- **Availability of Housing:** There is a lack of apartments in the county, which particularly affects those looking to move to the area and find a short-term place to live (before potentially buying a home), or those who are not able to or not looking to purchase a home. The desire for a 2-bedroom, 1-bathroom unit (under 1,000 square feet) that is affordable was expressed by many, as was an interest in a variety of types of housing, from apartments and condominiums to duplexes and townhomes.
- **Affordability of Housing:** Housing costs in Fremont County (and particularly in Cañon City) are challenging given the level of pay. There was strong feedback that paying 40 percent of income towards rent is not uncommon. Many apartments require a renter's income to be three times the rent of the unit, a requirement that is difficult (if not impossible) for many to meet. In addition to rent costs, utility costs can be half of what a tenant is paying in rent (an example was given of $700 in monthly rent and $300 in monthly utilities). This was often related to the quality of the housing, and as one participant stated, "I would rather drive 45 minutes to work than live in that."
- **Quality of Housing:** This was a consistent theme of feedback, that the quality of housing available in the area is very poor. Additionally, it was noted that prices have increased without any reinvestment in properties.
- **Draw of the Area:** Despite all the housing challenges being faced, there was agreement that the Cañon City and Fremont County area is a compelling place to live. The small town feel, strong community, and access to the outdoors were all significant draws for this group.

Commuters

This focus group consisted of commuters—both those who live in Fremont County and work outside, and those who work in Fremont County and live outside. Key issues heard from this group included:

- **Availability and Quality of Housing:** Outside of Fremont County there is more housing options, with better quality and lower prices. Feedback was also heard that if someone wanted to buy a home locally, there is very limited inventory which makes it challenging to find something appropriate.
- **Easy Commute:** Commuting into and out of the area is not difficult, and so location of employment is not necessarily a driving factor in housing location choices.
- **Amenities are a Big Factor:** The lack of amenities in Fremont County (examples of retail options and medical care were given) add to the draw of other locations.

Staff

This focus group consisted of staff at a variety of City and County agencies and departments. Key issues heard from this group included:

- **Recruitment Challenges:** Employers are seeing the impacts of housing issues in recruitment. Candidates are turning down positions because of a lack of housing availability.
- **Local Relationships:** Local staff and organizations have developed strong relationships with each other, and recent project successes locally can be expanded and form a strong base for future action.
- **Opportunity for Policy Change:** There was a strong feeling that policy changes will be more feasible than other strategies (e.g. funding tools), and that there is momentum locally among staff, elected officials and other partners (e.g. major employers) to take action with policy.

Real Estate

This focus group consisted of real estate professionals, including realtors, builders, and lenders. Key issues heard from this group included:

- **Inventory Shortages:** The area does not have enough ownership or rental housing, and this is affecting prices. Feedback was heard that rents have escalated recently, with small homes renting for $1,000 per month, and demand for homeownership is strong across the price spectrum, from $50,000 up to $800,000. There is a need for a diversity of ownership housing (for example, an aging population would downsize their homes, but there is no inventory available), as well as more quality, affordable rental properties. In addition to serving the local population, if these homes were available there would be an opportunity for those interested in the area to "try it out" in a rental property before purchasing, and the inventory available to purchase when they are interested.
- **New Development Challenges:** Costs and availability of financing are significant challenges to new development locally. Lenders are still feeling the impacts of the recession, and many are hesitant to lend to new housing development. In many cases a builder needs to own the land, and lenders will still require down payments up to 50 percent. Costs of construction are also particularly high right now, with one participant noting that contractor costs for home remodels have doubled in the last year due to labor shortages.
- **New Development Opportunities:** Despite the challenges facing new development, there are a number of local opportunities. There was agreement that the market is shifting, with builders now open to speculative construction; however, lending challenges will still need to be overcome as there are not large-scale local builders able to get construction loans. While underlying residential zoning in many areas is dated, builder interest and the strength of staff provide a significant opportunity to make policy changes that would enable development to diversify the housing inventory. Capitalizing on these opportunities may help incentive the redevelopment of existing poor quality inventory and attract new residents to the area.

Economic Development

This focus group was made up of staff from economic development organizations. Key issues raised by this group included:

- **Recruitment Challenges:** Housing is an issue in recruiting new employers to the area. When making location decisions, new employers need to know that there is housing available for their employees. This is also being seen at the employee level for employers already located in the county, with candidates turning down offers because of a lack of housing.
- **New Development Challenges:** Skilled labor is attracted to areas where wages are higher (for example, the Denver Metro area), creating a challenge for new construction. Additionally, soils and other local factors make construction in Fremont County more expensive. The lack of investment is an impediment to local economic expansion, but the market needs to be proven to make it easier for future development to get financing.
- **Employer Partnerships:** Some employers are already participating in housing programs, and further partnerships with local employers may be a viable track for solutions.

Demand Factors: Key Findings

There a number of demand factors driving the market in Fremont County. Much of the analysis in this report accounts for data trends from 2000 to 2018, with an emphasis on the decade starting in 2010. That said, the trends from the most recent two to three years suggest accelerating trends in terms of demand. These trends include:

- **Employment growth, a key driver of housing demand, has been growing steadily since 2010, with a significant uptick in the past three years.** The average annual job growth from 2010 through 2017 has been 79 jobs per year, an annualized rate of growth of 0.6 percent. While this is expected to continue, it is important to note that recent efforts to expand the local economy have been effective, as job growth between 2014 and 2017 averaged 304 jobs per year, a factor three times above the trends since 2010.
- **Unfilled jobs are substantial, with employers reporting 356 current vacancies, or 5.2 percent of these employers' reported positions.** Applying these findings to the larger employment base, unfilled jobs could reach as high as 717. The lack of housing is an impediment to recruitment, as respondents listed "housing affordability" as the top factor among several options for issues affecting local workers.
- **The lack of workers to fill these positions affects the overall economic output in Fremont County.** The impact and reduction of activity due to unfilled jobs limits the economic growth of the Fremont County. Employers are unable to achieve their optimal performance with vacancies of this magnitude. The limited housing inventory limits economic performance.
- **Commuters represent a significant share of the overall employment in Fremont County.** A survey of State Division of Corrections employees shows that between 7 percent and 41 percent of these workers might move to Fremont County, if they could find appropriate housing (seven percent interested immediately, with 41 percent expressing some form of interest). Of the seven options listed in the survey of preferences when considering moving to Fremont County, the desire for a single-family home was cited as the top factor (85 percent selected in top 3), followed by affordable rent or price (56 percent), and space for a family (30 percent). This feedback indicates that home type and affordability are driving issues.
- **The quality of the housing stock is a frequently cited issue.** In focus groups, the full spectrum of community members (developers, brokers, renters, commuters, etc.) uniformly identified the quality of the housing stock as an issue. The pressure on the demand side is growing as landlords (as well as individual home owners looking to sell their homes) are able to find tenants and buyers without needing to address deferred maintenance. The issues are exacerbated in the rental inventory as the data show a shift in tenure with a

greater percentage of the population renting their homes, further decreasing motivation among local landlords to invest in their properties. Few options exist for renters looking for reasonably priced, well maintained units.

- **The "Next Generation" of Fremont County residents is particularly challenged.** While each cohort of residents in the county face their unique challenges related to housing, those in their early careers looking to establish themselves in the community have few options. The desire to locate in the county is strong – given proximity to the mountains, recreation opportunities, and community character – but the options are limited. Enabling this generation to put down roots in the community will sustain long-term community health and should be a priority.
- **The housing demand is present across the full spectrum of the market.** The data show that the demand exists across the affordability spectrum, from households earning less than 60 percent AMI through to demand for higher cost housing by households earning over 120 percent AMI.

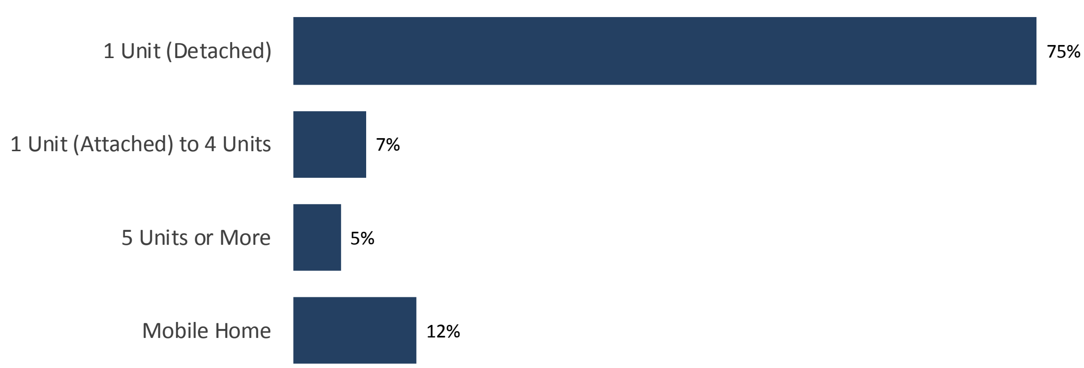
3. Supply Factors

This chapter provides an overview of the housing stock and housing market in Fremont County, including analysis of housing units by type and age, sale prices and trends, and rental prices and trends. These data form the baseline for the "supply factors" of housing need, outlining the existing supply and cost of housing and market considerations for additional housing inventory.

Housing Inventory

Fremont County had 19,775 housing units in 2018. Seventy-five percent of housing units are single family detached homes, as shown in **Figure 22**. Mobile homes account for 12 percent of housing units, and attached units and apartments make up the remaining 12 percent.

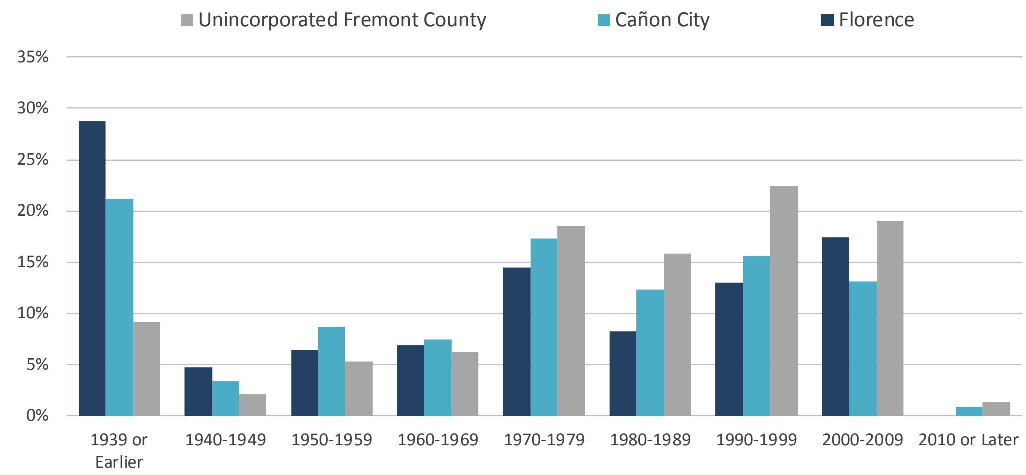
Figure 22. Housing Units by Type, 2018



Source: US Census; Economic & Planning Systems

Half of all housing units in the county were built before 1980. In Florence and Cañon City, the housing stock is slightly older than the county overall, with half of Florence housing built before 1972 and half of Cañon City housing built before 1975. While 16 percent of countywide housing was built prior to 1940, this figure is 29 percent in Florence and 21 percent in Cañon City, as shown in **Figure 23**. In contrast to these areas, most housing construction in unincorporated Fremont County began in the 1970s.

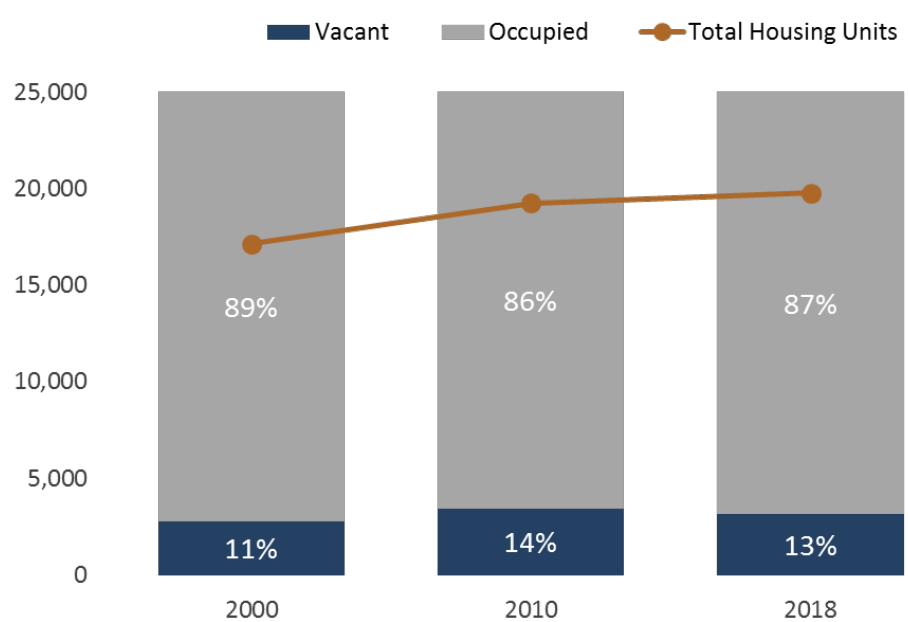
Figure 23. Housing Stock by Year Built



Source: US Census; Economic & Planning Systems

Countywide, 13 percent of housing units are vacant, a rate that has been relatively steady since 2000, as shown in **Figure 24**. While a vacancy rate of between 5 and 10 percent is generally considered an indicator of a healthy housing market, given the local context of both urban and rural environments and the consistency of this figure over time, this data appears to show a relatively stable housing market.

Figure 24. Vacant versus Occupied Housing Units



Source: ESRI; Economic & Planning Systems

In addition to these general growth trends, building permit data was analyzed in order to document recent housing development. This data is summarized in **Table 10**. Because building permits account for only new construction—while overall housing trends account for net new housing (including demolitions)—unit counts for building permits will be higher than the housing unit numbers presented previously.

In unincorporated Fremont County, there were just over 700 new housing units permitted between 2009 and 2018; 36 percent of those units were manufactured housing. Over this time 455 single family housing units were permitted, an average of 46 new units per year. There was a much higher level of development in 2018 compared to previous years, with 100 new units permitted in the unincorporated county, compared to an average of 68 units annually from 2009 through 2017.

Cañon City added 168 total housing units between 2009 and 2018, an average of 17 new units annually. Seventy-six percent of these new units were single family detached homes. Building permit activity in Cañon City has increased significantly since 2016, with 67 percent of the 168 new units since 2009 added in the past three years. The City averaged 37 new units per year from 2016 to 2018, compared to only eight units annually from 2009 through 2015.

Building permit data for Florence was only available for 2009 through 2014. Over this time the City added 16 new single family units, an average of three new units per year.

Table 10. Building Permits, 2009-2018

											2009-2018	
Building Permits (Units)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**	**Ann. #**
Unincorporated Fremont County												
Single Family	31	38	31	45	41	40	45	53	55	76	455	46
Manufactured	33	28	42	34	18	16	14	25	21	24	255	26
Total	**64**	**66**	**73**	**79**	**59**	**56**	**59**	**78**	**76**	**100**	**710**	**71**
Cañon City												
Single Family Detached	12	9	8	2	4	11	4	24	21	33	128	13
Single Family Attached/Duplex	0	0	0	4	2	0	0	2	2	0	10	1
Multifamily	0	0	0	0	0	0	0	0	30	0	30	3
Total	**12**	**9**	**8**	**6**	**6**	**11**	**4**	**26**	**53**	**33**	**168**	**17**

Source: Economic & Planning Systems

Integration of Permits, Jobs, and Population Growth

As shown in **Table 11** below, Fremont County grew by an average of 89 residential building permits per year from 2010 through 2018. Total employment growth from 2010 through 2017 has averaged approximately 79 jobs per year; accounting for only the 66 percent of jobs held by local residents, growth has averaged 52 jobs per year. Based on a number of similar housing needs assessments completed by EPS, there is a general relationship of 1.5 jobs per household (which accounts for multiple job holders per household, as well as in- and out-commuting), which translates to annual growth of 35 households as a result of growth in locally held jobs.

Non-group quarters population growth has averaged 210 persons per year since 2010; household growth, based on approximately 2.30 persons per household, translates to annual growth of 91 households.

Integrating these factors, the data show that local employment since 2010 accounts for approximately 38 percent of new housing construction. The balance of housing demand is attributed to retirees moving into the region. This is supported by interviews with local brokers in Fremont County, which suggest that between 50 and 65 percent of transaction activity is attributed to retirees moving into the area.

Table 11. Employment Capture of Housing Demand

Description	2010	2018	2010-2018 Total	2010-2018 Average
Building Permits	75	133	802	89
Jobs	8,721	9,086	365	52
Household Growth (from jobs)	5,814	6,057	243	35
1.50 jobs per household				
Population (Non-Group Quarters)	38,120	39,802	1,682	210
Total Household Growth	16,574	17,305	731	91
2.30 persons per household				
Local Employment Share of Housing Demand				**38%**

* Employment data represents 2017, the most recent year available

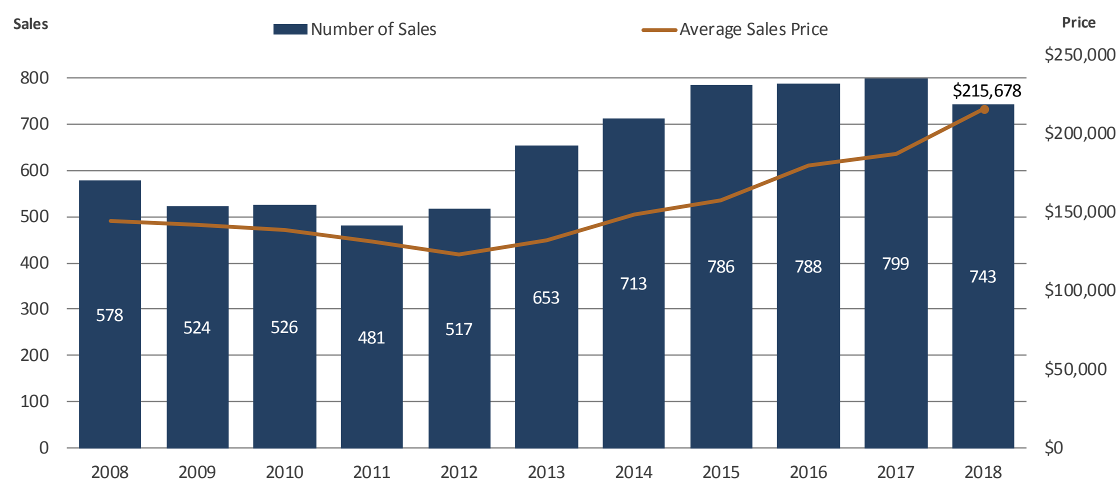
Source: ESRI; Fremont County; Bureau of Labor Statistics; Economic & Planning Systems

Home Sales

Fremont County averaged 650 single family home sales annually from 2008 to 2018. From 2008 to 2013 the county averaged 547 sales per year, however market activity has increased in recent years; from 2014 through 2018, home sale volume averaged 766 sales per year, as shown in **Figure 25**.

Alongside this volume change, the county has seen two distinctive price trends over this time. Between 2008 and 2012, average sales price decreased an average of 3.9 percent per year, from $144,300 in 2008 to $123,100 in 2012. Since 2012, prices have increased an average of 9.8 percent per year, up to $215,700 in 2018. Average price per square foot has followed a similar trend, decreasing from $86 per square foot in 2008 to $74 in 2012, and then increasing to $127 per square foot in 2018.

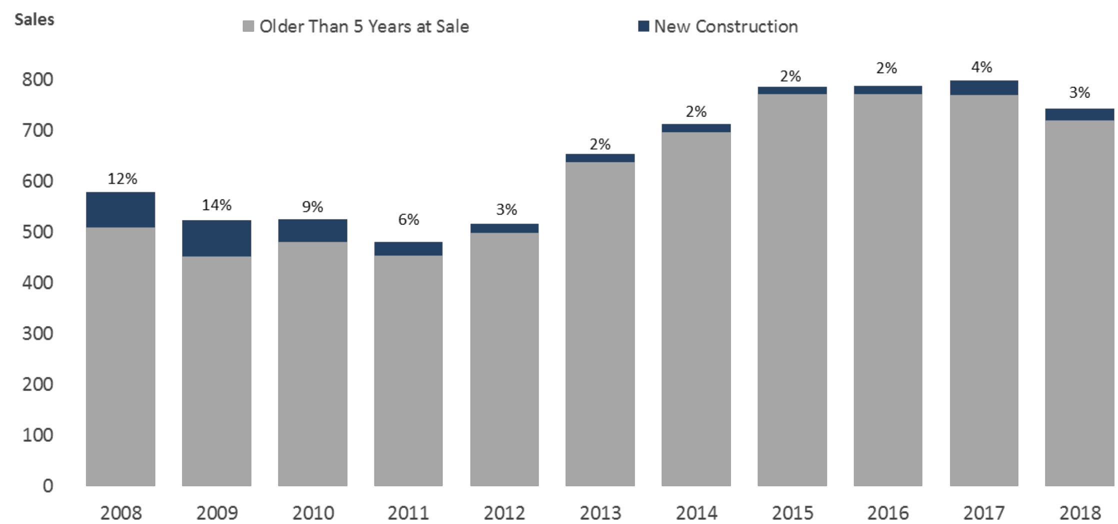
Figure 25. Single Family Home Sales, 2008-2018



Source: MLS; Economic & Planning Systems

These data points indicate a tightening housing market, a trend that is reinforced by the age of homes that are being sold. The average age of homes at sale has increased from 42 years in 2008 to 48 years in 2018. The market share of "new homes," or those homes five years or newer at sale, has also decreased over this time, as shown in **Figure 26**. These homes accounted for 12 percent of sales in 2008, but only 3 percent of sales in 2018. Between 2008 and 2012 an average of 9 percent of sales per year were new homes, a share that decreased to an average of 3 percent per year from 2012 to 2018. This data underscores feedback heard throughout this study that there has been little new construction recently in the county. Alongside the increase in sales volume and prices, this indicates significant demand for new housing.

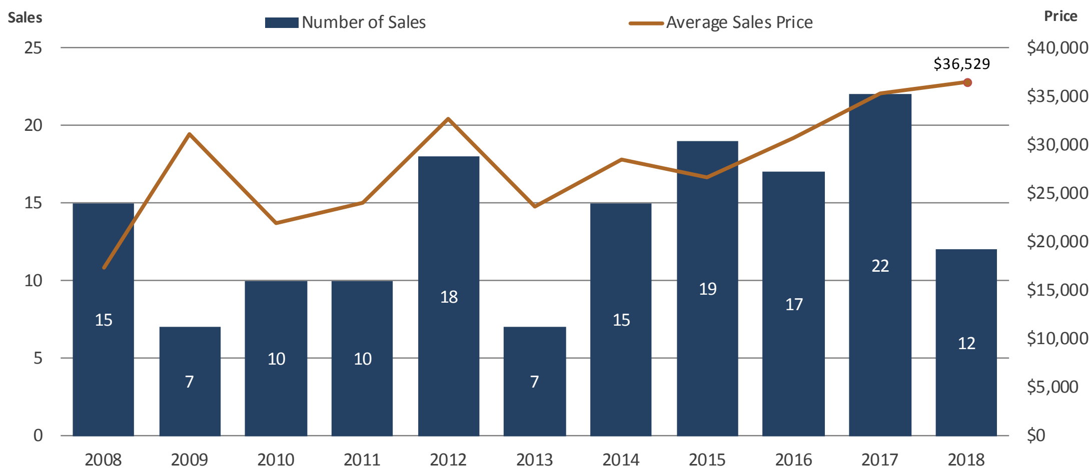
Figure 26. Home Sales by Age at Sale, 2008-2018



ource: MLS; Economic & Planning Systems

As noted previously, mobile homes account for 12 percent of all homes in Fremont County. They make up a smaller portion of the for-sale market, accounting for approximately 2 percent of all sales from 2008 to 2018; an average of 14 annually. Average sales price for mobile homes has fluctuated greatly over this time, as shown in **Figure 27**. Despite this fluctuation, the mobile home market experienced a price low of $17,300 in 2008 and a high of $36,500 in 2018—more than doubling in average sale price—which is an annual average price increase of 7.7 percent. Mobile home prices have fluctuated in three to four year cycles (from low price to low price) since 2008; however, the increase in prices seen since 2015 has not yet slowed. The steady increase in sales price seen since 2015 represents an increase of approximately $10,000 over this time, or an annual average increase of 11.1 percent per year. While there are a limited number of sales on which to base this observation, alongside the general market trends it appears to indicate an overall lack of housing supply, leading to increased pressure on all areas of the housing market.

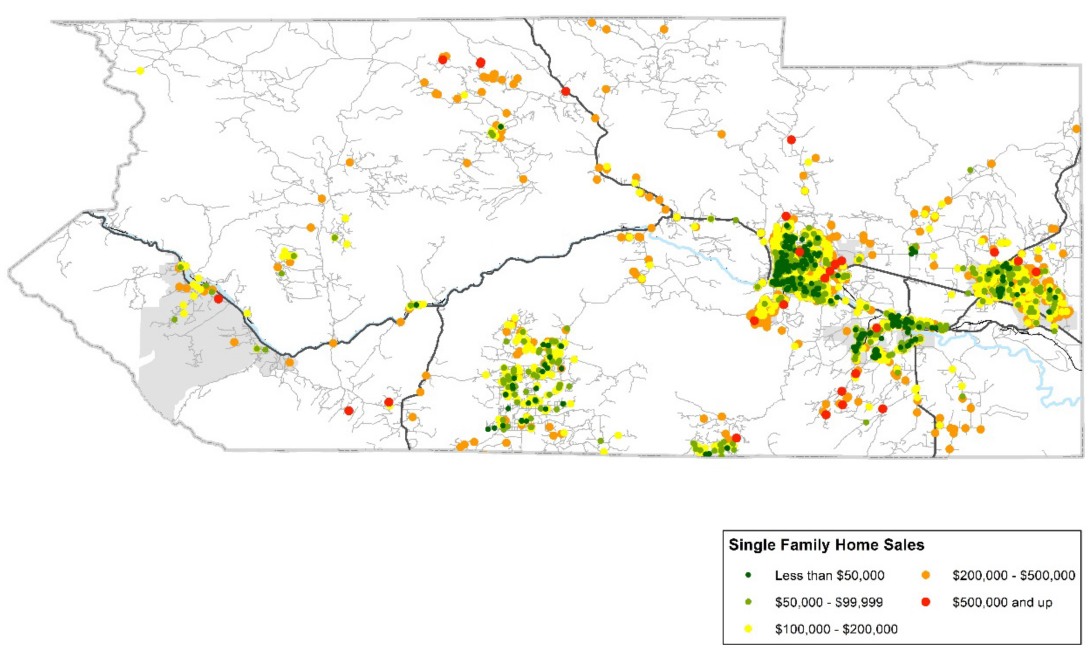
Figure 27. Mobile Home Sales, 2008-2018



Source: MLS; Economic & Planning Systems

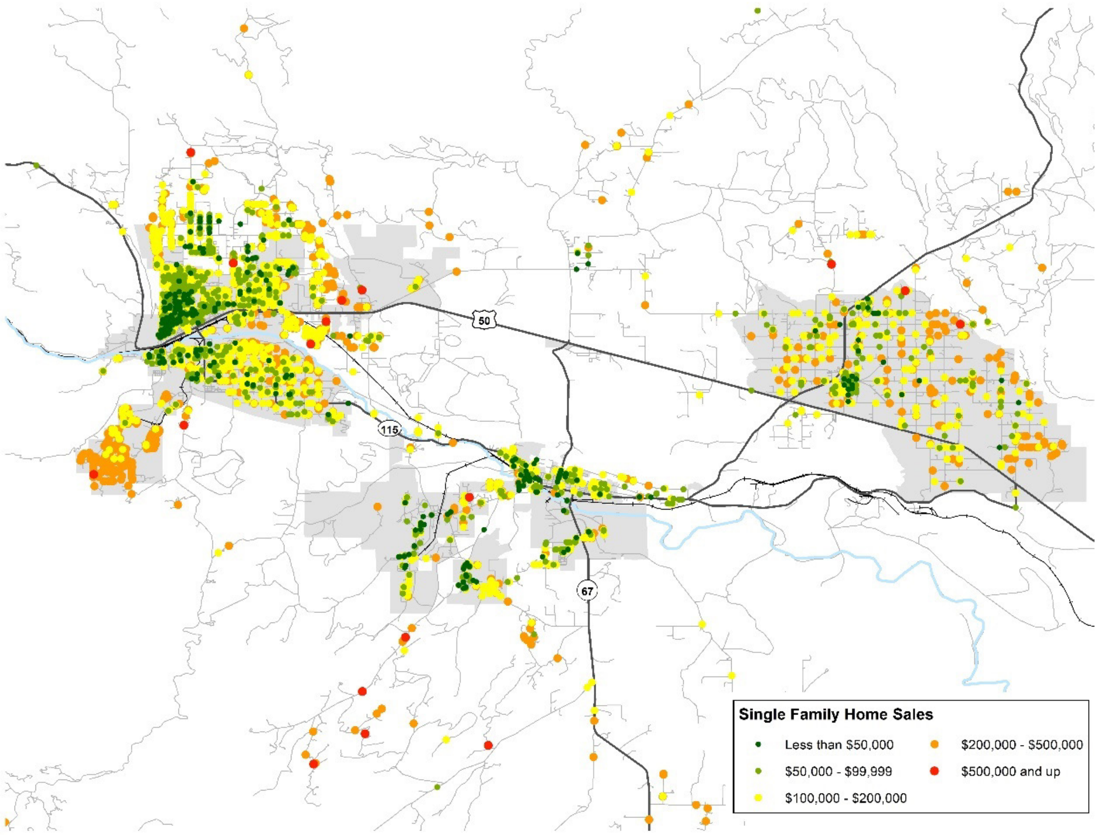
The locations of home sales are an indicator of where market demand and pressure are the highest. As shown in **Figure 28**, single family home sales in Fremont County from 2008 to 2018 were concentrated in four main clusters: Cañon City, Florence, Penrose, and the Texas Creek/Deer Mountain area. Nearly all sales under $200,000 occurred in these areas.

Figure 28. Countywide Home Sales by Sales Price, 2008-2018



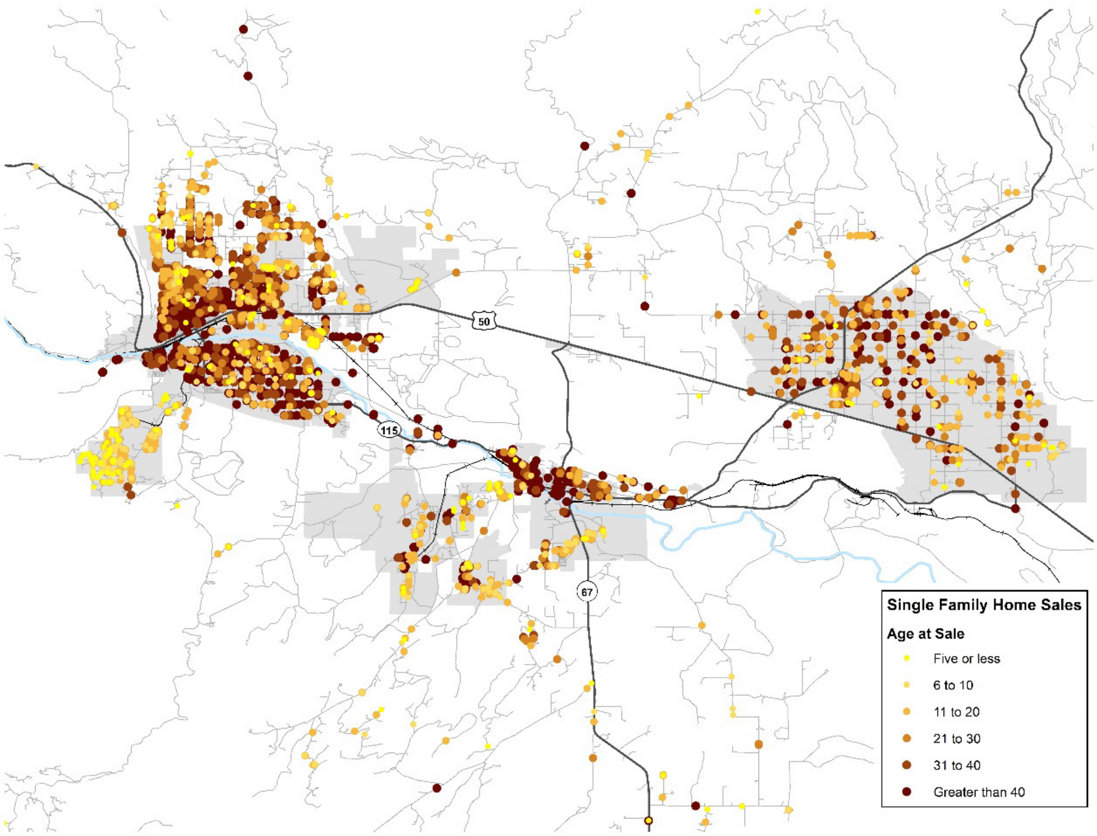
Home sales by price in the Cañon City/Florence/Penrose area are shown in **Figure 29**. Most home sales under $100,000 took place within the boundaries of one of the three towns, with concentrations north of Highway 50 near 9th Street in Cañon City and along Highway 115 in Florence and Penrose. A large cluster of sales in the $200,000 to $500,000 range took place on the southwest edge of Cañon City in the Dawson Ranch development. There were also several sales in this price range along the northeast edge of Cañon City, many of which were outside of city limits.

Figure 29. Urbanized Areas Home Sales by Sales Price, 2008-2018



Examining these sales by age at the time of sale shows an inverse relationship to price, as illustrated in **Figure 30**. Most homes older than 30 years were located within town boundaries and near major highways. Homes sold in the Dawson Ranch development were generally newer, with most homes 10 years old or newer at time of sale.

Figure 30. Single Family Home Sales by Age at Sale, 2008-2018



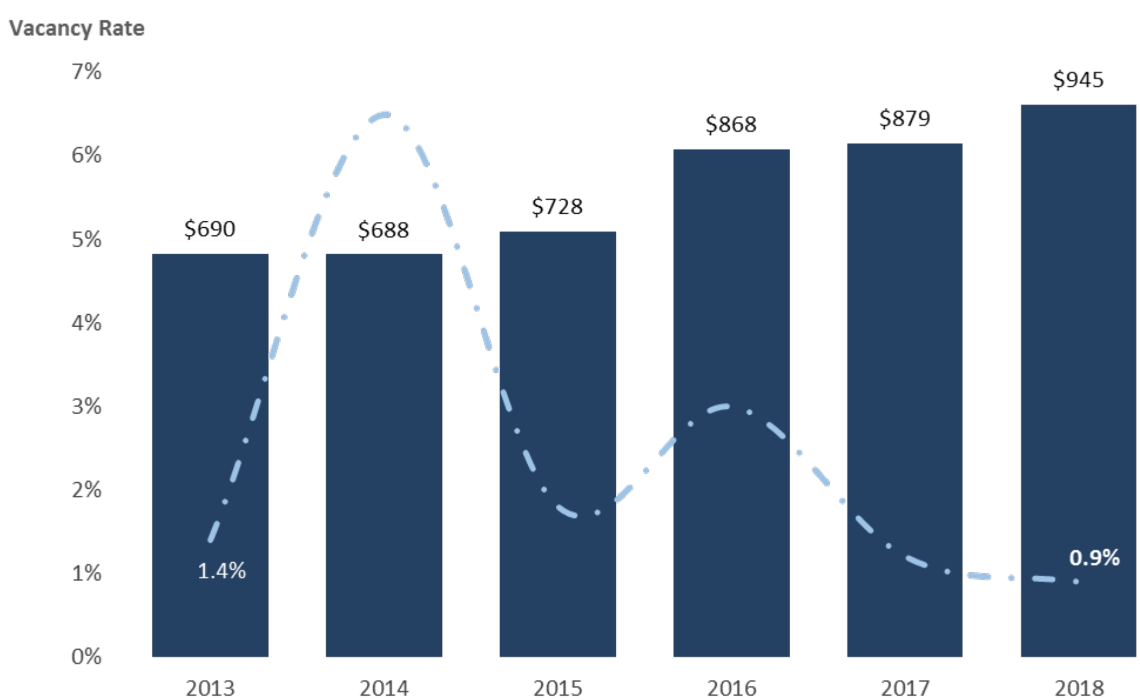
Rental Market

Data for rental housing is not as readily available as ownership housing, and so a number of data sources are used to characterize the rental market. At a high level, the Colorado Division of Housing (DOH) provides rental data through the Colorado Multi-Family Housing Vacancy & Rental Survey. This report aggregates data into a Central Mountains market area, which includes Cañon City, Buena Vista, Lake County, and Salida, and so these data are presented to characterize regional trends.

Vacancy and rent trends for this area are shown in **Figure 31**. Vacancy rates in this market area have been low for the past several years, falling from 4.2 percent in 2012 Q3 to 0.9 percent in 2018 Q3 and averaging below 5 percent for 9 out of the 10 quarters reported. Vacancy rates at this level are low for any market and reflect a highly constrained housing supply. As a general rule, apartment vacancy between 5 and 7 percent indicates equilibrium within a given market. Rates below this level indicate a lack of supply or additional demand for apartment units.

While vacancy rates in the region have trended downward since 2014, average rental rates have steadily increased. Average rental rates were $945 in the third quarter of 2018, a total increase of $257 since 2014; this growth represents an overall increase of 37 percent, or average of just over $64 per year.

Figure 31. Q3 Vacancy and Average Rent per Unit, 2013-2018



Source: Colorado Division of Housing; Economic & Planning Systems

As shown in **Table 12**, average rent for a 2-bedroom, 1-bathroom apartment in 2018 was $891, an increase of $237, or 6.4 percent annual growth since 2013. Average rent for 1-bedroom units grew less quickly over the same period, increasing by 4.3 percent annually, from $838 to $1,033. The only year rent for a 3-bedroom unit was reported was 2018, estimated at $1,213.

Table 12. Average Rent by Unit Type (Department of Housing)

							2013-2018		
Description	2013	2014	2015	2016	2017	2018	Total	Ann. #	Ann. %
Efficiency	$738	---	---	---	---	---	---	---	---
One bedroom	$838	---	---	$888	$913	$1,033	$196	$39	4.3%
Two bed, one bath	$654	$688	$728	$830	$845	$891	$237	$47	6.4%
Two bed, two bath	---	---	---	---	---	---	---	---	---
Three bedroom	---	---	---	---	---	$1,213	---	---	---
All	**$690**	**$688**	**$728**	**$868**	**$879**	**$945**	**$255**	**$51**	**6.5%**

[Note] Data presented is for Q3 of each year

Source: Colorado Division of Housing; Economic & Planning Systems

While the U.S. Census reports rents for area units, the data lags by a few years and does not always accurately reflect the reality of the housing market today. In order to characterize the current issues and challenges facing the rental market, EPS periodically checked Craigslist for rental listings over the course of this study.

This data collection gathered information on 37 rental listings, with the largest number of rentals advertised at once being 18 (note that some rentals were listed on multiple dates checked, and only included in the analysis once). Overall, rent for these units averaged $943 per month; average rent by unit type is shown in **Table 13**. Rents ranged from $595 for a studio (with only one unit listed) to $1,400 for a four bedroom unit (also with only one unit listed).

Two-bedroom units were the most common rental size, with 15 listings and an average rent of $886 per month. Single family homes were the most common home type, accounting for 57 percent of listings. These units had an average rent of $1,048. Apartments accounted for 27 percent of listings and an average rent of $715. It should be noted that there were frequent postings advertising units and pads within mobile home parks; these units are not included in this data.

Table 13. Average Rent by Unit Type, Online Listings

Bedrooms	Listings	Avg. Rent
0	1	$595
1	8	$676
2	15	$886
3	12	$1,183
4	1	$1,400

Source: Economic & Planning Systems

Land Inventory

Fremont County has a significant amount of land available for development. Zoned and/or entitled land is concentrated in the Cañon City area; development opportunities in this area are summarized in **Table 14**. Estimates by the Cañon City Community Development department show potential for up to 3,570 new units across nine sites. At existing entitlements, unit types would be split primarily between single family homes (56 percent) and multifamily units (42 percent), with a small number of townhomes (1 percent).

Table 14. Residential Development Opportunities

Development Description	Units				Pct. Of Total			Lot Size (Acres)
	SFD	SFA	MF	Total	SFD	SFA	MF	
Sun Cañon Development (Four Mile Rancl	988	0	1,231	2,219	45%	0%	55%	0.2-0.5
Dawson Ranch	176	0	0	176	100%	0%	0%	0.6-1.75
Gold Canon Development	40	0	0	40	100%	0%	0%	0.21
Odd Fellows Land	180	0	100	280	64%	0%	36%	TBD
Canon View Land Area	160	0	0	160	100%	0%	0%	0.15
High St. Land Holdings	140	0	0	140	100%	0%	0%	0.23
Abbey Land Holdings	300	30	130	460	65%	7%	28%	TBD
Elizabeth St. PUD	13	0	0	13	100%	0%	0%	0.10
St. Scholastica	7	20	55	82	9%	24%	67%	TBD
Total	**2,004**	**50**	**1,516**	**3,570**	**56%**	**1%**	**42%**	

Source: Cañon City; Economic & Planning Systems

Supply Factors: Key Findings

The Fremont County housing supply is undergoing a substantial change, as evidenced by the escalation in cost in the recent past. While there is an uptick in production, particularly in comparison to the early part of the decade, the supply is under increasing pressure, as evidenced by the upward movement in pricing. Key supply trends include:

- **The rental inventory is under tremendous pressure.** State Division of Housing data indicate that the region that includes Fremont County has a vacancy rate of 0.9 percent. In most markets, a vacancy rate of five percent is considered equilibrium. Thus, this rate is extremely low and reflects a severe lack of inventory.
- **Rental rates, in response to high demand, have risen in the recent past.** State Division of Housing data indicate that the overall rental rate has increased by 37 percent between 2014 and 2018, an annual increase of 8.3 percent. Current rates range from $891 to $1,213 1- to 3-bedroom units.
- **The cost of ownership housing has escalated sharply in the recent past.** Home sale prices fell to their lowest (since 2008) in 2012. Since 2012, the cost of housing has increased by 75 percent (for an annual average increase of 9.8 percent). Fremont County wage levels, however, have only risen by 9.8 percent since 2010 (an annual average increase of 1.3 percent). This data indicates that locally employed households are not able to maintain their buying power. When the data are evaluated based on price per square foot, the change from $74 in 2012 to $127 in 2018 also equate to a total increase of 71 percent, or an annual average increase of 9.4 percent.
- **In light of the increasing demand for housing, building permit activity has begun to increase.** Over the time period from 2010 to 2018, the municipalities and county issued an average of 89 permits annually. Over the past three years, this figure has risen to an average of 122 permits annually, an increase of 37 percent.
- **The land supply in the county is substantial, with entitled developments that could generate a sizeable housing inventory. However, the supply of finished lots is limited.** The ability of the market to develop these land holdings has been limited by lending constraints, a limited 'infrastructure' of the trades, and the rising costs associated with labor and materials.
- **New housing product is limited in its diversity of lot size, home size, and price point.** Much of the recent development in projects like Dawson Ranch is geared to the upper price point in the market. While other developments, like Four Mile Ranch, include some segmentation most of the activity is still in the upper price points. A spectrum in ownership inventory is needed.

- **New rental inventory has been limited.** The newest addition to the rental inventory was the Journey Home project, a 30-unit permanent supportive housing project. This provides units targeted to residents earning less than 30 percent AMI, and opened in June 2018.

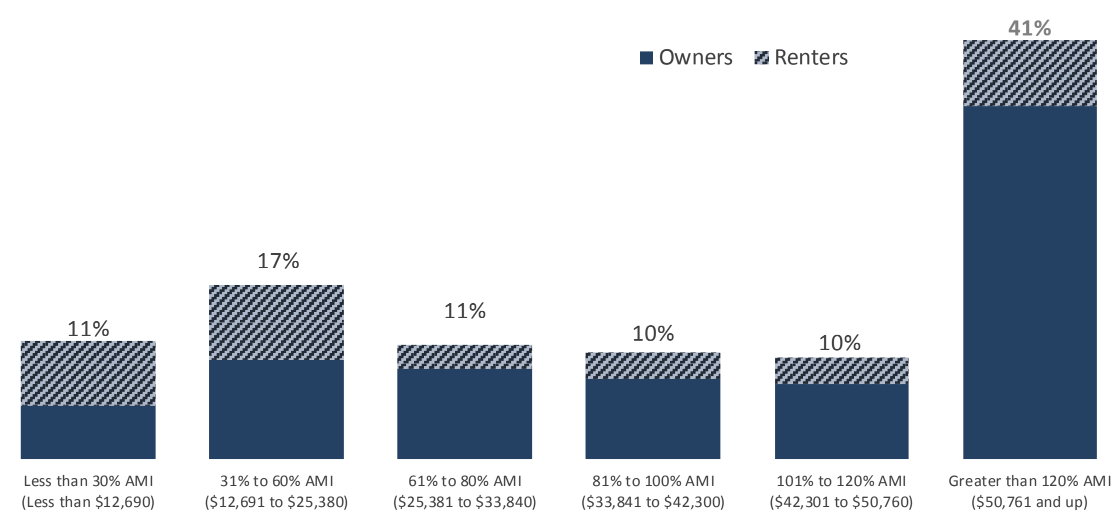
4. Affordability Analysis

Housing Affordability

Housing is considered "affordable" when a household spends no more than 30 percent of income on housing costs. In analyzing affordability, the median household income—the value where half of households earn more and half of households earn less—is used as a base. Affordability levels are discussed in terms of the "percent of median income."

The median household income in Fremont County is $42,300. Thirty-nine percent of Fremont County households earn less than 80 percent of the median income, or less than $34,000 per year, as shown in **Figure 32**. When broken out by housing tenure, this figure is 22 percent for renters and 32 percent for homeowners. While in general this figure would be expected to be higher for renters, a higher percentage of homeowners in a lower income category is consistent with a community that has an older population, many of whom are often on fixed incomes.

Figure 32. Households by Income



Source: US Census; Economic & Planning Systems

Affordable housing costs at different income levels are summarized in **Table 15**. As shown, an owner household earning the median income in Fremont County of $42,300 can afford payments on a home costing up to $159,400. Of all homes sold in the county between 2008 and 2018, 56 percent sold for under $150,000. However, this trend is shifting as only 40 percent of homes sold between 2015 and 2018 were under $150,000. A renter household earning the median income can afford $1,050 in monthly rent; according to Census estimates, 80 percent of rentals in Fremont County cost less than $1,000 per month.

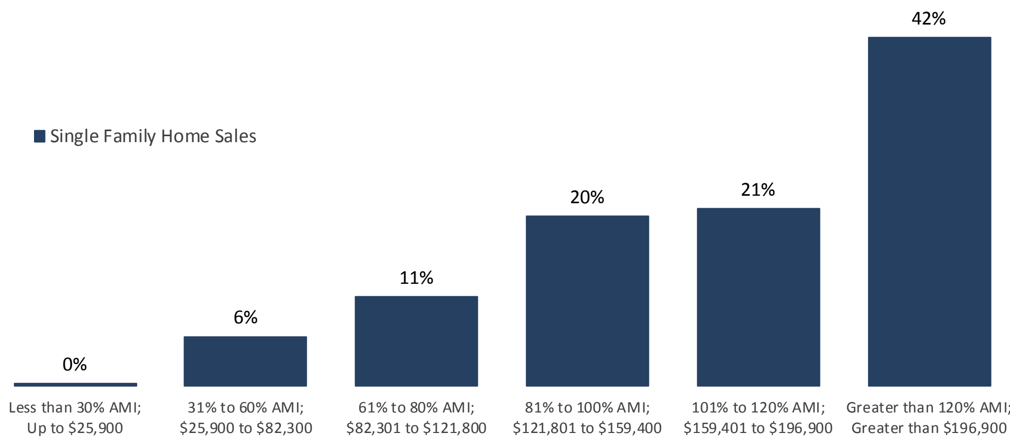
Table 15. Maximum Purchase Price by AMI

Description	Income Level				
	30% AMI	60% AMI	80% AMI	100% AMI	120% AMI
Household Income	$12,692	$25,385	$33,846	$42,308	$50,770
Monthly Rental Maximums at 30%	$317	$635	$846	$1,058	$1,269
Supportable Monthly Payment					
Less: Insurance	-$125	-$125	-$125	-$125	-$125
Less: Property Taxes	-$10	-$40	-$50	-$70	-$90
Less: Miscellaneous (e.g. HOA Dues)	-$50	-$50	-$50	-$50	-$50
Net Supportable Mortgage Payment (Monthly)	$132	$420	$621	$813	$1,004
Valuation Assumptions					
Loan Amount	$24,600	$78,200	$115,700	$151,400	$187,100
Mortgage Interest Rate	5.0% int.	5.0% int.	5.0% int.	5.0% int.	5.0% int.
Loan Term	30-year term	30-year term	30-year term	30-year term	30-year term
Downpayment as % of Purchase Price	5.0% down pmt	5.0% down pmt	5.0% down pmt	5.0% down pmt	5.0% down pmt
Maximum Supportable Purchase Price	**$25,900**	**$82,300**	**$121,800**	**$159,400**	**$196,900**

Source: Economic & Planning Systems

Recent sales data provides an indication of the market's current affordability. The distribution of recent single family home sales by affordability is shown in **Figure 33**. Only 37 percent of single family homes sold in Fremont County in 2017 and 2018 were affordable to a household earning up to the median income. Twenty-one percent of homes were affordable to households with incomes between 100 percent and 120 percent of AMI. The remaining 42 percent were only affordable to households earning greater than 120 percent of AMI.

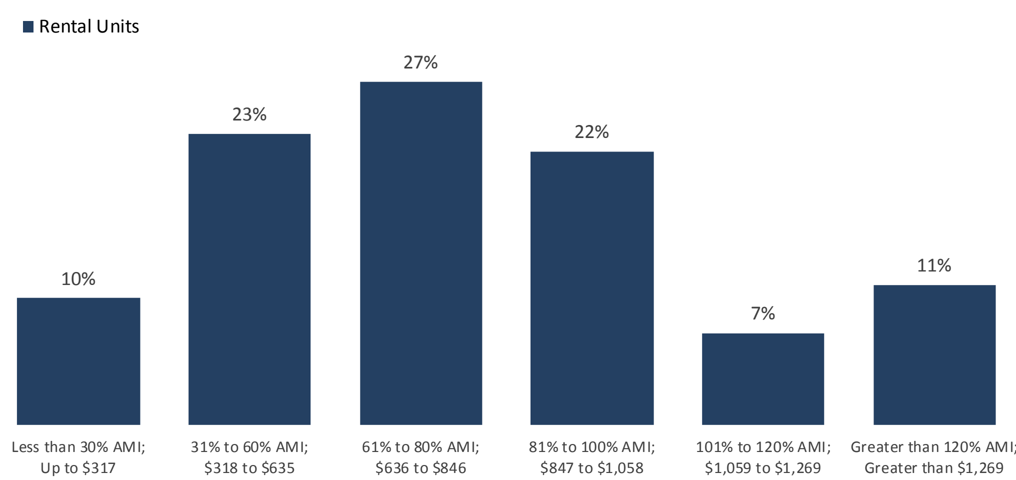
Figure 33. Recently Sold Homes by Affordability Level, 2017-2018



Source: MLS; Economic & Planning Systems

The distribution of rental units by affordability level is shown in **Figure 34**. According to Census estimates, 82 percent of rental units were affordable to a household earning up to the median income of $42,300. Seven percent of rental units fell into the range affordable to households with incomes between 100 percent and 120 percent of AMI. The remaining 11 percent were only affordable to households making greater than 120 percent of AMI.

Figure 34. Rental Units by Affordability Level



Source: US Census; Economic & Planning Systems

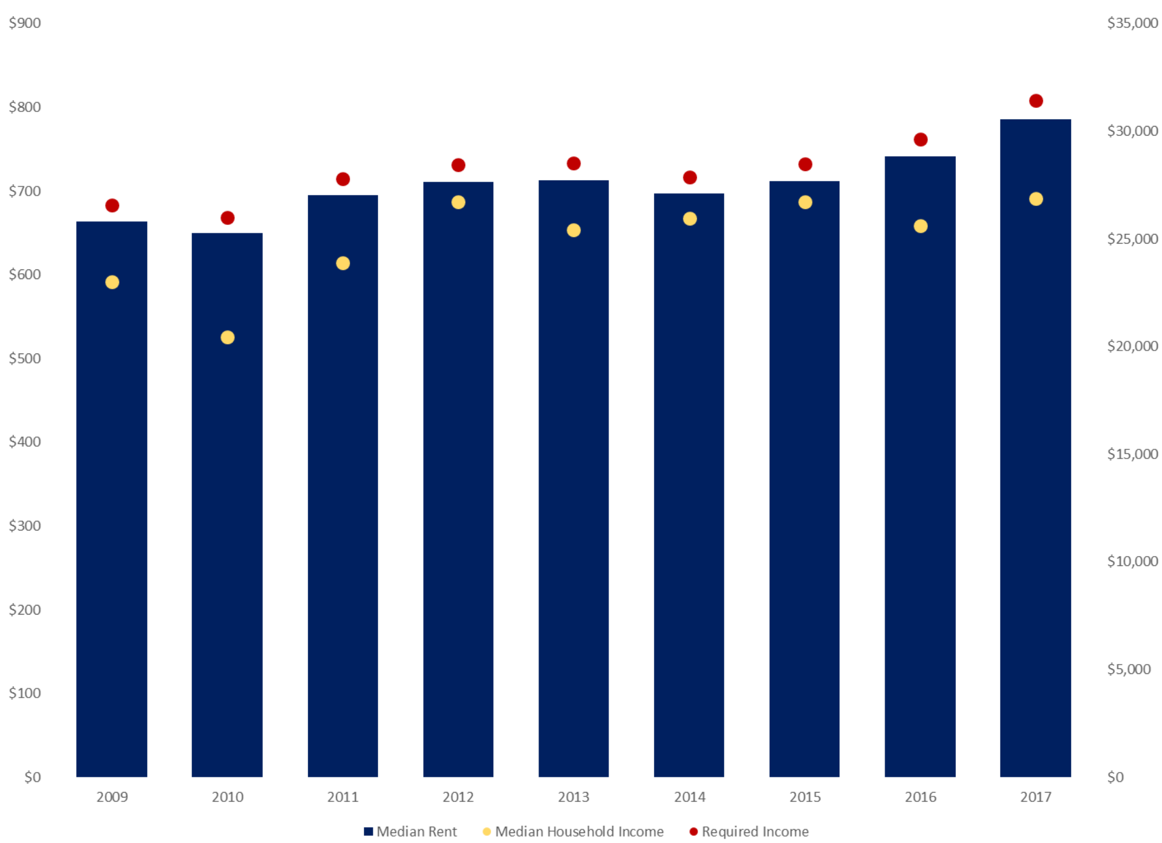
Affordability Trends

To document affordability over time, home sales and rent were tracked alongside the median income of owner and renter households and then compared to the income required to afford the typical home (assuming 30 percent of household income goes to housing costs).

Rental Affordability

From 2009 to 2017 the median income of renter households in Fremont County increased an average of 1.9 percent per year. Over this same time period, the median rent in the county (based on Census data) increased an average of 2.1 percent per year. **Figure 35** shows these trends in rent and income, along with the income required to afford the median rent.

Figure 35. Rental Affordability, 2009-2017



As shown, actual median household income for renter households is consistently less than the income required to afford the median rent in the county. This "affordability gap" has ranged from a 6 percent difference in 2012 and 2015, to a 27 percent difference in 2010, as shown in **Table 16**. As of 2017, the median household income of $26,870 for renter households was 17 percent lower than the $31,440 that would be required to afford the county's median rent.

Table 16. Rental Affordability Gaps

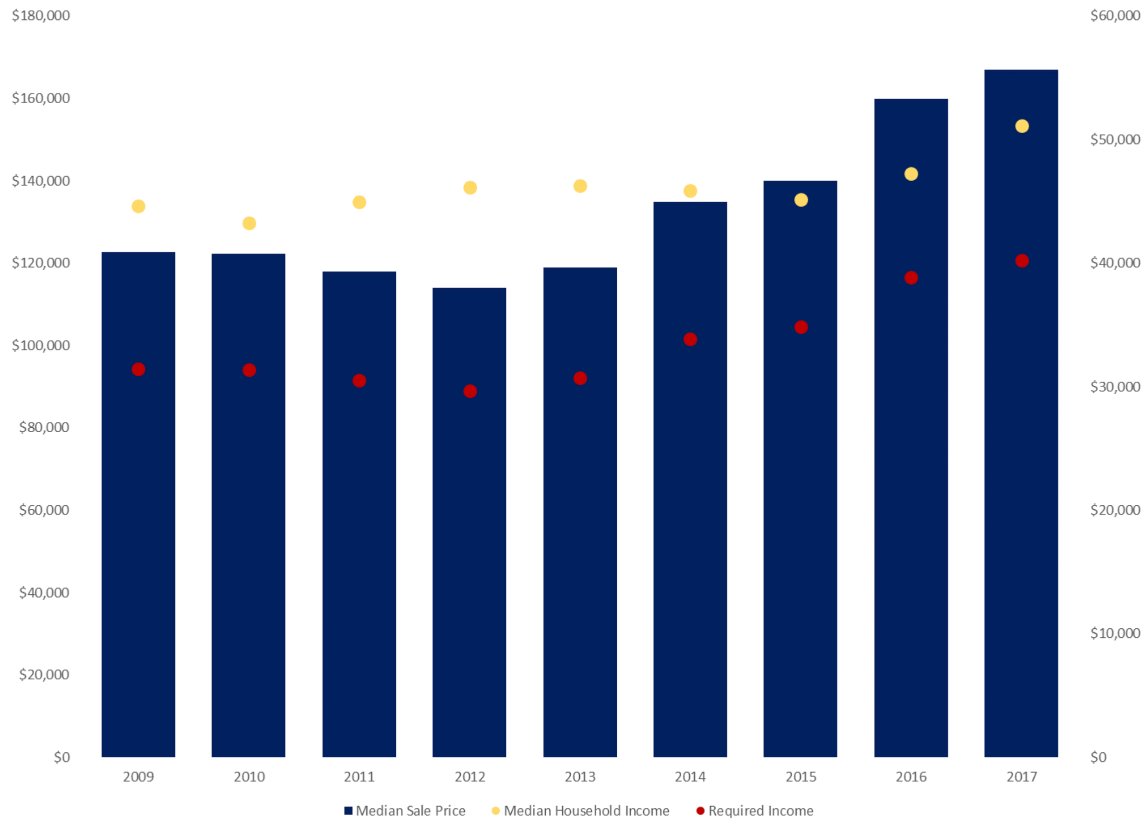
Description	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rental Affordability									
Median Household Income	$23,032	$20,440	$23,891	$26,742	$25,408	$25,960	$26,746	$25,622	$26,870
Required Household Income	$26,560	$26,000	$27,800	$28,440	$28,520	$27,880	$28,480	$29,640	$31,440
Affordability Gap	**(15%)**	**(27%)**	**(16%)**	**(6%)**	**(12%)**	**(7%)**	**(6%)**	**(16%)**	**(17%)**

Source: US Census; Economic & Planning Systems

Home Sale Affordability

From 2009 to 2017 the median income of owner households in Fremont County increased an average of 1.7 percent per year. Over this same time period, the median sale price in the county increased an average of 3.9 percent per year. **Figure 36** shows the trend in sales price and income, along with the income required to afford the median sales price.

Figure 36. Home Sale Affordability, 2009-2017



As shown, median incomes have been higher than what is required to afford the median home price. This is summarized further in **Table 17**. While this data indicates that there is currently no "gap" for owner households, the pace at which home prices are increasing is much faster than the rate of income growth. This indicates that an affordability issue is likely coming to the county soon. This data also only considers incomes of households that currently own their homes and does not account for those households looking to buy but unable to afford the existing supply.

Table 17. Home Sale Affordability Surplus/Gaps

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017
Home Sale Affordability									
Median Household Income	$44,667	$43,241	$44,970	$46,179	$46,279	$45,893	$45,152	$47,257	$51,156
Required Household Income	$31,419	$31,349	$30,503	$29,706	$30,702	$33,870	$34,884	$38,848	$40,262
Affordability Surplus/Gap	**30%**	**28%**	**32%**	**36%**	**34%**	**26%**	**23%**	**18%**	**21%**

Source: US Census; Economic & Planning Systems

5. Local Factors, Tools, and Strategies

Local Factors

There are a number of distinct local factors that characterize the housing challenges and opportunities in each county. This section outlines these factors, which are based on the data analysis and community feedback gathered through this study and are used to inform the strategy recommendations in this chapter.

Fremont County

Escalating Costs and Decreasing Quality

There has been little new housing construction recently in Fremont County. This is affecting housing needs in a number of ways. With little new supply coming online, prices (both rents and sale prices) are increasing for existing inventory. However, as there is limited competition from new product, there is no incentive for investment in existing property. This has led to quality concerns with current housing stock. Inventory shortages are being felt across the full spectrum of housing, from apartments to duplexes and fourplexes to townhomes and single family detached homes, and at all price points.

New Development Challenges—Construction Costs and Financing

There are significant financial impediments to new residential construction in Fremont County. High construction costs and the proximity of the Denver Metro area, where higher real estate values enable higher wages for construction labor, make any new development challenging. Additionally, local builders and developers are facing challenges in financing new development—particularly land acquisition and construction loans. This financing challenge is creating additional impediments to new residential construction.

Strong Local Opportunities

While there are significant local challenges affecting housing, there are also significant opportunities available locally in Fremont County to address housing issues.

Labor Opportunity: Construction labor costs are a challenge to development across the state. Fremont County has two large resources to address this. At a small scale, the Home Bi-Ed program through the Fremont RE-2 School District can partner on small developments that students can work on. At a larger scale, the local presence of inmate employment programs, such as Colorado Correctional Industries (CCI), can potentially be utilized to focus on housing. While site-built housing may not be able to benefit from this, modular or panelized housing that is manufactured in a facility and then transported and assembled on site presents an opportunity to utilize this labor pool for local development, as well as to provide housing to other parts of the state. Not only does this approach leverage local labor and a unique competitive advantage of Fremont County, it does so in such a way to create an affordable housing product and creates an economic development opportunity for the County. If successful, this effort could be scaled up to provide housing products for areas across the region.

Development Opportunity: The availability of land is often the greatest impediment to housing development. Fremont County has a significant opportunity in this regard, as there are many existing platted lots and developable areas of land around the county. To utilize this opportunity, zoning changes may be needed in order to increase the diversity of housing stock, and the financial challenges to new development will need to be overcome. There are simultaneous opportunities alongside new housing development to enhance the "quality of place" in the county—for example, prioritizing retail diversity, access to medical services, arts and entertainment, and other amenities that would draw new residents into the area.

Partnership Opportunity: With local employers acutely feeling the housing issues facing the county, there are opportunities for employers to partner in new housing development. This would allow employers to ensure a set number of housing units available for their employees, and help the developer by guaranteeing demand for a certain portion of units (whether the employer purchases them or master leases them for employees).

Park County

Distinct Needs and Opportunities by Area

Park County is geographically large and has distinct areas with distinct local contexts, from Bailey and its relation to the Denver Metro area to Lake George near the Colorado Springs area to Fairplay and Alma and their relation to Breckenridge and Summit County. This geographic diversity affects economic and housing conditions, and means that needs and opportunities are diverse across the county. In the Bailey area there is a lack of housing diversity; however, infrastructure limitations (particularly reliance on well and septic services and recent updates to these requirements) create challenges to implementing new types of housing development. In the central county, infrastructure and service limitations also affect new development, and quality housing that is affordable to locally employed residents is a significant challenge. In the Fairplay and Alma area, the impacts of proximity to Summit County are strongly felt, and there is a need for both affordable rental and ownership housing, geared to local employees.

Commuting Context and Impact of Nearby Markets

Park County has a significant proportion of residents who commute outside of the county for employment. This means that most county residents do not earn their income locally, which creates an imbalance in the housing market. With those residents 'importing' their (typically higher) income from other areas, locally employed residents are often priced out of the market. As housing markets in surrounding areas (particularly the Denver Metro and Summit County) become increasingly expensive, pressure will increase on the Park County market to absorb many employees of those areas.

Rural Context and Housing Conditions Challenges

In contrast to the commuting population concentrated in the built-up areas in the northeastern and northwestern areas of the county, central and southern areas have a more rural context. There are distinct challenges in these rural areas, particularly related to home construction and maintenance of existing housing. Incomes are often lower in these parts of the county, creating additional challenges to local residents looking to construct, renovate, or even maintain existing homes. This factor is of particular importance, given that much of the housing inventory in these areas would be considered affordable.

Importance of Infrastructure and Services

Only a small portion of Park County is served by municipal services; new residential development in all other areas require well and septic infrastructure. These requirements can be a hindrance to new development, as standards have increased rapidly recently, and the type and density of housing that can be developed (e.g. small lot single family, townhomes, stacked flats) is limited by the service ability of these systems. In addition to water and sewer service, providing services such as police, fire, and road maintenance is difficult for the County to do in sparsely developed areas. This creates opportunity for local nodes of service and development, focusing new development where services already exist and allowing the County and/or Towns to provide those services more efficiently. It should be noted that the Town of Fairplay has senior water rights, which will become an increasingly important issue in the future.

Strong Local Opportunities

While there are significant local challenges affecting housing, there are also significant opportunities available locally in Park County to address housing issues.

Employer Partnerships: Local employers are feeling the impacts of housing issues and in many cases are struggling to recruit and/or retain employees because of challenges in finding and affording housing. While this is a challenge to local service provision and economic development, it also creates an opportunity to partner with these employers in new housing development. This may include incentivizing developers to build housing geared to local employees (i.e. affordable to those earning wages locally), and/or partnering with local employers to purchase or master lease units in a development in order to guarantee housing for their employees.

Focused Development: Water rights and water/sewer service are provided in limited areas of the county, and there is developable land proximate to these areas. Focusing new development where there is existing infrastructure and service provision can help the feasibility of new development (given that well and septic service are significant cost factors in new construction) as well as the ability of County and Town service providers to provide those services more efficiently.

Policy Opportunities: Fairplay has recently taken a number of proactive policy steps to plan for growth and new development and shape that growth in a way that meets local needs. This local willingness to take steps and be proactive in addressing challenges can be a major factor in addressing housing in a comprehensive way. Changes such as streamlining the development process to reduce fees and delays, reducing minimum lot sizes, and incentivizing development where services and infrastructure exist can have significant impacts improving development feasibility.

Land Opportunities: The cost and availability of land is often a significant factor in housing development costs. In Park County, there is a significant amount of vacant land, which presents an opportunity for the County to leverage as a resource. Publicly-owned land can be banked and/or directly utilized for housing in the near term. Whether near-term or long-term, a community land trust can manage land assets as well as improvements, and—more importantly—maintain affordability. Land banking can help both smaller builders achieve a different product type (by reducing or eliminating the land costs of a project) and attract larger developers by providing land in exchange for affordability.

Lending and Financing Opportunities: Availability of financing, at both a project and an individual level, has a significant impact on the type of housing development that can take place. In many cases, local lending institutions, with an understanding of the community context and a commitment to assisting local issues, will be willing to provide loans to end users that other institutions may consider too risky. In some similar regions these institutions have taken an active role in lending for both the development and eventual home buyers that address local needs. Additionally, utilizing federal programs such as the USDA Rural Development Single Family Housing Direct Home Loan and Single Family Housing Guaranteed Loan Program can broaden the pool of financing tools available to local buyers. In addition to purchase financing, financial resources exist to assist with construction and maintenance at an individual level. Local, state, and federal resources can be utilized to provide financial assistance to county residents, particularly those in rural areas.

Custer County

Second Home Community

Nearly half of the homes in Custer County are second homes, occupied for only part of the year. This leads to a bifurcated housing market, where approximately half of the sales are targeted to second homeowners whose incomes and housing preferences differ from those of local residents.

Retirement Destination

Custer County is not growing through natural increase (more births than deaths), and thus relies on in-migration for population growth. However, the majority of new residents moving to the community are retirees, as evidenced in the population age trends of the county. The population moving in brings with them income earned from outside the county, and thus not tied to the local economy. In conjunction with second homeowners, this puts additional pressure on the housing market, leading to higher prices decoupled from the income earned by local employees.

Infrastructure Limitations

While there is significant land available for building in the county, true development opportunities are limited. Most of the county has water and sewer service through well and septic systems. In Silver Cliff and Westcliffe, these services are provided through the Round Mountain Water and Sanitation District; however, the water and sewer system requires upgrades and enhancements meaning that the ability to serve new development is limited. In the near term, development should be focused in areas where the existing water and sewer system has existing service lines and capacity to serve the additional dwelling units.

Development Opportunities

Given the range of options available to local communities to address housing, the one best suited for Custer County is to form a partnership among local entities to underwrite a project and construct it. One of the directions generated by this study is to establish focus for the conversations. Accordingly, the recommendations (as further clarified and detailed in the Custer County report) articulate a geographic target for these efforts.

Given the infrastructure and service constraints present in the county, as well as the distinct components of the housing market geared to second homeowners, retirees, and local employees, new housing development should be focused on housing for local employees in locations where service infrastructure is in place and Round Mountain Water and Sanitation District has existing capacity to serve the development. In order to effectively meet the affordability needs of local employees, strategic partnerships and funding strategies should become the focus of the community. Local leaders are already focused on these efforts, building on the success of the recent school district project. These recommendations support this effort, with the goal of creating focus among community stakeholders around new housing development.

Tools and Strategies

This section contains a summary of selected tools and strategies available to address a range of housing issues. An extended list of tools and strategies, as well as specific recommendations for each county, is provided in **Table 18** and **Table 19**.

Communities adopt different tools for a variety of reasons. Oftentimes it is because a significant portion of the local workforce has been priced out and forced to commute. Other times policy decisions go beyond the determination of the presence and extent of these patterns, basing decisions on quality of life and economic development considerations. For example, if a portion of the workforce—such as teachers, police officers, fire fighters, and other municipal employees—cannot afford to live locally, communities are less effective addressing health, safety, and welfare needs. The motivation to develop programs or adopt tools to address affordable or workforce housing is largely based on some or all of the following conditions:

- **Housing Costs:** The sales price of locally available housing exceeds what a permanent-resident household can afford.
- **Housing Availability:** The development community is oriented to building more expensive housing than is available to the local workforce, or is not meeting local housing demand in other ways.
- **Commuting Patterns:** A large portion of the workforce cannot afford to live in the community and is forced into longer commutes from more affordable locations.
- **Employee Shortages:** Local businesses increasingly find it difficult to recruit or retain employees.

Tools for providing affordable and workforce housing are presented in two main categories:

- **Development-Based Tools:** Tools and strategies that seek to leverage the momentum of development through land use controls, mandates, and/or incentive zoning.
- **Community-Based Tools:** Tools and strategies—typically funding mechanisms—to leverage broader-based financing capabilities, spread the burden equally, and create a funding source more flexible and dependable than state and federal grant funding.

Development-Based Tools

Effective land use policy is a critical component of a successful housing strategy. There are many land use policies that are used in relation to housing; while inclusionary zoning is among the more familiar, other policies include annexation, development incentives, infrastructure and utility service policies, and fees for services based on the nexus between costs and benefits (such as impact fees).

A comprehensive list of the tools available for mandating or incentivizing affordable housing development is provided in **Table 18**. In considering the pros and cons of each tool and the market and development context of each county, not all of these are recommended. This section summarizes the tools and strategies most applicable to Custer, Fremont, and Park Counties, as identified in **Table 18**.

Land Use and Zoning Tools

Incentive Zoning Ordinance: Governments can offer a variety of bonuses and waivers to developers to incentivize affordable housing. While many of these are more suitable for larger urban mixed-use projects, some can be applied to smaller multifamily, infill, and single family neighborhood developments. Even in these smaller areas, however, these incentives are most impactful for larger-scale developments and most applicable in areas where there is land available for large development to take place.

<u>Recommended for</u>: Incentive zoning ordinances are recommended for municipalities and county governments in Fremont County and Park County, where there are opportunities for large-scale residential developments and sufficient market pressure and increasing market momentum that developers could provide affordable housing in exchange for desired benefits.

Targeted Inclusionary Housing Ordinance: Inclusionary housing ordinances (IHOs, also referred to as "inclusionary zoning") refer to planning ordinances that require developers to "set aside" a portion of new housing construction as affordable to households at specified income levels. These set-aside requirements generally range from 10 to 30 percent of units. Often, local jurisdictions provide density bonuses or other types of policy-driven incentives to defray some of the costs associated with the requirements. In most versions of an IHO, a developer can comply with requirements by building the units on site as part of the overall project master plan and/or by building them in an offsite location. Alternatively, many programs allow for all or a portion of the housing requirement to be met by cash-in-lieu payments, where there is a payment in lieu of building affordable units. A targeted IHO would differ from a uniform IHO, as it would be designated for the areas of a jurisdiction most likely to benefit from additional housing inventory geared to locals.

Recommended for: A targeted IHO is recommended for Park County jurisdictions, primarily in the commute sheds for Summit County. Particularly with the Summit Stage introducing service in the spring of 2019, the pressure for housing will increase. The ordinance could be coordinated between municipalities and Park County to create a common set of standards for this area of the county. It could also be considered with other programs, such as Transfer of Development Rights (TDR) to focus development near services. An IHO program may also be relevant for Fremont County in the future. Given the surge in housing costs, the market may reach the level of constraints found in other markets in which IHO programs are effective. At this time, it may be early in the overall maturation of the market for this tool in Fremont County; however, it should be recognized by local leaders as a tool with increasing relevancy, particularly if housing cost escalations continue.

Expedited Development Review: The construction of new housing and the rehabilitation of existing housing is governed by a city's building code and land use regulations. The time required to secure entitlements can be significant and ultimately increases the cost of development. Under this strategy, projects that meet the local definition of affordable housing would be processed on an expedited timeline, enabling developers to recoup costs.

Recommended for: Expedited development review is recommended for all jurisdictions in Fremont, Custer, and Park Counties. Given the financial carry costs that are often funded by equity prior to vertical construction, the time spent in development review can significantly affect project viability. Shorter review times lead to greater capital investment. Park County should be recognized for leadership in this area, given the "master build plan" opportunity for developers to utilize in order to decrease development review time for permit requests.

Parking Reduction: When parking is reduced in a housing development, construction costs also decrease and developers are able to offer lower rents accordingly. This strategy is being approached in different ways by communities; some have removed parking minimums entirely, others have targeted policy changes to certain areas or districts, and others have specifically tied new policies to affordable housing (for example, removing parking requirements for nonprofit affordable housing developments). It is important to note that these policy changes do not necessarily remove parking entirely, but rather allows developers to determine the amount and type of parking to provide based on market and location characteristics.

Recommended for: Parking reduction tools are recommended for Fremont County, primarily due to the nature of the built environment in Fremont that is not found elsewhere throughout the study area. For example, Cañon City's size, urban density, climate, and provision of transit service (a door to door call-in service available to anyone over 18) provide a context that makes parking reductions viable. As the cost of parking can be reduced, the viability of prospective affordable housing development improves.

Fee Offset: While fee waivers are often discussed as an incentive for development, some fees (such as water and sewer taps) cannot be waived because they are directly tied to development. These fees can instead be offset, where a percentage of the fees are offset by (paid by) another source (such as a housing fund). This offset would only apply to qualifying projects that provide a certain amount of affordable homes (as defined by the community). A recent state law has been passed that enables local jurisdictions to exempt affordable housing from all fees, in an effort to make housing development more feasible. Local jurisdictions can leverage this opportunity to increase the supply of affordable housing in their respective communities.

Recommended for: A fee offset is recommended for all jurisdictions in Custer, Park, and Fremont Counties. The waiver is a form of financial investment that communities can make that has material impact on a developer's overall project viability. While some communities, including some of those within this study area, are early in the stages of adopting housing programs and do not have the breadth of community support to establish new funding sources dedicated to housing, this approach can have a similar impact even in communities that cannot establish independent funds.

Development Policy Tools

Annexation Policy: At the time of annexation, municipalities can establish any number of requirements from a developer requesting annexation. At a minimum, targets should be established for Inclusionary Zoning, and confirmed with applicants that these will be met over the course of buildout. Mitigation rates must balance the civic goal of broadening the affordable housing inventory while at the same time providing adequate return to developers to maintain overall project viability. This tool will become particularly important as development pressure builds and a greater number of prospective developers seek opportunity in the area for new projects and/or completion of existing projects.

Recommended for: Jurisdictions in Fremont and Park Counties. Given the market momentum that is building in Fremont and Park Counties, it is likely that developers will bring annexation requests to local municipalities. Within Park County, there are a number of existing entitled subdivisions in the vicinity of Fairplay that may find Town services (particularly water) a compelling reason to seek annexation and new entitlements. The policy for housing may cover a spectrum of issues. While some jurisdictions may seek conventional set asides, complete with Area Median Income (AMI) limits, other may take a more preliminary approach and require a range of housing product (attached and detached) and range of density (small lot and large lot) and thus create more affordable product without stipulating conventional affordable parameters.

Infrastructure and Utilities Service Extension and/or Funding: Infrastructure and Utilities Service Extensions are often used in conjunction with annexation policy, whereby in exchange for the provision of water and sewer service new development is required to dedicate a certain percentage of housing to affordable units. In other cases, a simple expansion to infrastructure can, in turn, expand the housing supply. Any public investment in infrastructure expansion should be coupled with affordability requirements to ensure civic needs are addressed in conjunction with civic investment.

Recommended for: Communities in Fremont, Park, and Custer (to a limited degree) Counties. Some of the communities in the study area are uniquely resourced with senior water rights, which will become an increasingly important factor over time. Offering an extension of utilities can generate opportunities to increase the supply of affordable housing, similar to tools listed under annexation policy. In the case of Custer County, it is recommended for the community to invest in the local water and sewer utility (for larger community-wide need), which will then create additional opportunities for housing development.

Financial Incentives and Tax Increment Financing: Tax Increment Financing (TIF) is a particularly effective tool that can be used to close gaps resulting from projects with below-market rental (or sales) levels. TIF can be generated by an Urban Renewal Authority or a Downtown Development Authority. The latter generally provides more latitude in terms of eligible expenses.

Recommended for: Fremont County. While there are a number of stipulations that apply to the formation of a URA or a DDA, the communities in Fremont County should include them as potential resources to defray housing costs and make new affordable housing developments viable.

Zoning Designations/Affordability by Design: Changes to zoning designations can align land use policy, local market conditions, and community housing needs. In some cases, the change in zoning should be an increase in density, thus incenting developers to build units that are more affordable. Typically, practitioners approach these standards with limits on the maximum density. There may be situations in which minimums are appropriate.

Recommended for: Communities in Fremont and Park Counties. In Park County, it was reported that a small home, clustered development offered a unique alternative to much of the historic larger parcel/large home development pattern in the Bailey area. As noted in the community survey, 61 percent of all households would be willing to pay more for housing in neighborhoods with walkable commercial services. A majority of renters in Park County (53 percent) favor policy that would focus smaller lot developments in and near towns. These community preferences and market diversification provide a basis for a broader approach to zoning designations than what has been used historically. Focus groups in Fremont County consistently emphasized the need for greater diversity in the housing supply. Zoning can be an effective tool to achieve these goals and should be considered.

Purchase/Transfer of Development Rights: Transfer of Development Rights (TDR) is a voluntary, market-driven growth management tool that permits higher intensity development in designated "receiving" areas in exchange for land or resource preservation in designated "sending" areas. Under TDR, a city or county establishes baseline development rights for both sending and receiving areas. To exceed these baseline development limits, owners in receiving areas must purchase unused development rights from owners in sending areas. Some TDR programs only permit transfers within a single jurisdiction. Others permit transfers between jurisdictions. For example, a joint city-county program may designate unincorporated parts of the county as sending areas and one or more parts of the incorporated municipality as receiving areas. While many TDR programs require owners or developers in receiving areas to purchase development rights directly from owners in sending areas, some TDR programs establish a development rights bank to facilitate trades. Under this model, buying and selling are separate transactions, making it easier for a buyer to purchase development rights acquired from multiple sending sites through a single transaction.

Recommended for: Park County. Given the extensive amount of entitled land throughout Park County and need for services to address the needs of development, this program could lighten the burden for service delivery in selected unincorporated areas, and direct it to the areas that are better equipped to provide services. Mesa County (including the Palisade, Grand Junction, and Fruita areas) has had a program in place for a number of years and provides an example of progressive land use policy adopted among jurisdictions in a rural area of Colorado that face similar issues to Park County. The tool could be nested within a larger set of tools listed in this report to address a range of issues (not the least of which is fiscal balance) and broaden the housing supply simultaneously.

Table 18. Development-Based Tools

	Custer County	Fremont County	Park County
Development-Based Tools			
Land Use and Zoning Tools			
Inclusionary Housing Ordinance			
Incentive Zoning Ordinance		●	●
Targeted Inclusionary Housing Ordinance		●	●
Commercial Linkage			
Residential Linkage			
Expedited Development Review	●	●	●
Height Waivers			
Density Bonus			
Parking Reduction		●	
Development Standards Modifications/Variances			
Fee Waiver			
Fee Offset	●	●	●
Fee Delay Until Certificate of Occupancy			
Development Policy Tools			
Annexation		●	●
Infrastructure and Utilities Service Extensions and/or Funding	●	●	●
Public Investment Triggers Affordable Housing			
Financial Incentives and TIF		●	
Zoning Designations/Affordability by Design		●	●
Affordable Housing Easement			
Purchase/Transfer of Development Rights			●

Community-Based Tools

In addition to land use and housing policy, community-based tools can be an effective mechanism to achieving local housing goals. These tools often focus on funding and organizations. A list of the tools available for funding and organizing affordable housing development is provided in **Table 19**. In considering the pros and cons of each tool and the local context of each county, not all of these are recommended. This section summarizes the tools and strategies most applicable to Custer, Fremont, and Park Counties, as identified in **Table 19**.

Local Funding Sources

Real Estate Transfer Assessment (RETA): A Real Estate Transfer Tax (RETT) is tax imposed by the state, county, or municipality on the transfer of title of real property within a jurisdiction. While a number of local jurisdictions within Colorado, including Avon, Breckenridge, Crested Butte, Frisco, Gypsum, Minturn, and Winter Park, have RETTs in place ranging from 1.0 to 4.0 percent, the TABOR amendment prohibits any new local RETTs. Subsequent to TABOR, a number of Colorado jurisdictions have implemented voluntary Real Estate Transfer Assessments (RETAs) on specific developments for similar purposes (such as affordable housing or open space acquisition/development). A RETA fee is a voluntary land use restriction placed on a development by the original developer, making subsequent transactions subject to the fee. Typically in the range of 0.25 to 2 percent, it can generate substantial revenue over time. As a fee, it is not subject to TABOR restrictions pertaining to RETTs. A RETA is imposed by a homeowners association (or similar entity) with the fees paid to the city or county for similar public purposes.

<u>Recommended for</u>: Park and Fremont County communities could benefit from a RETA, specifically for developments that are substantial in terms of scale and buildout. This tool might be best paired with others (such as TDRs and/or annexations).

General Fund Set-Aside: Funding is a significant challenge often faced in affordable housing development. While dedicated revenue tools work in some communities, in other locations a general fund set-aside is a more achievable funding option. In this case, local governments would determine an annual amount to allocate from general fund dollars to housing initiatives; this may include project support and/or organization funding.

<u>Recommended for</u>: Park County and the municipalities within it should consider this tool given the growing market pressure on Fairplay and Alma. The set-aside can be funded annually until the threshold is reached to provide a meaningful contribution to a local project and/or land acquisition.

Housing Organizations

Community Land Trust: A Community Land Trust (CLT), or Community Housing Trust, is a non-profit organization that provides permanently affordable housing units by acquiring land and removing it from the speculative, for-profit real estate market. CLTs hold the land they own "in trust" in perpetuity for the benefit of the community by ensuring that it will always remain affordable for homebuyers. A CLT typically acquires land for affordable housing in its designated community; the land is transferred to a developer and ultimately a homeowner under a long term land lease. The CLT leases the land to a qualified homeowner at a reduced rate to subsidize the housing unit price, and retains the option to repurchase the housing unit upon sale. The resale price of the home is set by a formula to give the homeowner a fair return on investment while also maintaining affordability for future homeowners.

<u>Recommended for</u>: The CLT approach is recommended for Park County, particularly if it can be combined with other tools to increase its impact. For example, a CLT would designate a parcel of land that has been placed within a land bank for affordable housing and ensure that the original investment manifests with perpetual affordability. This can also be layered with other tools, such as a lender commitment to infrastructure financing and end-user financing. The lender not only benefits from greater loan volume, but also benefits from fulfillment of Community Reinvestment Act (CRA) responsibilities and associated federal compliance. Loans are provided at below-market terms, tailored for locals working in the community who are eligible for affordable housing. When all tools are aligned, the benefits accrue to local residents who are members of the local workforce.

Community Housing Development Organization: A Community Housing Development Organization (CHDO) is a 501 C(3) non-profit recognized by HUD. As such, CHDOs are eligible to receive HUD funding through the Colorado State Division of Housing. Fifteen percent of HOME funds (HOME Investment Partnerships Program) are required to be allocated to CHDOs. A CHDO can receive approximately $35,000 per year for administration out of HOME funds, plus other competitive grants for housing development and other housing programs. CHDOs must have a board comprised of one-third representation of the low-income community, and no more than a third from local government.

As non-profit organizations, rather than a government, CHDOs have more flexibility to engage in broader housing activities than a housing authority. Because of their non-profit status, CHDOs also have access to funding sources, such as certain grant and foundation funding, that housing authorities do not. CHDOs can develop real estate, and own and manage property much like a private company. CHDOs can more easily partner with private developers and builders to build projects, and can more easily borrow money. A CHDO can also operate a land trust, or vice-versa.

Recommended for: A CHDO may be a tool for consideration in Park County. The HOME fund set aside that can be used for CHDO administration could offset the costs the County would need to invest to establish the CHDO. The optimal course of action may be to define the top priority actions for the County—including land banking, CLT, finance programs, rehab loan program, mutual self-help program construction, policy tool formation (e.g. deed restriction definition), as well as others recommended in this report—and then move toward CHDO formation, such that the nature and scope of the work to be completed is clear.

Land Bank: Land banks are public or community-owned organizations created to acquire, manage, maintain, and/or repurpose land—generally vacant, abandoned, and/or foreclosed properties. These have a very specific purpose and function, serving to hold land until it is ready for housing development. Land banks are most successful when they work in partnership with other organizations, including local government, lenders, and nonprofits, to leverage resources available to address issues associated with distressed land.

Land banks will often use a variety of income sources to fund programs, including grants, government contracts, land sale revenues, tax revenues (depending on local and state laws), developer fees (if the land bank acts as developer or co-developer), and rental income (if the land bank keeps property in its inventory for commercial and/or residential rental). A land bank program works best when there is a significant inventory of land that requires management, often dispersed infill lots, and the potential for future development.

Recommended for: Custer, Park, and Fremont communities. Compared to other small-community markets throughout the Rocky Mountain West, these three communities have significant amounts of vacant land. While the markets have accelerated in the recent past and all real estate is more expensive, its current market valuation is lower than it is expected to be over time. More importantly, vacant parcels exist today. Acquiring sites and setting them aside for future housing development is a resource that future generations will find highly valuable.

Council of Governments: The Upper Arkansas Area Council of Governments (UAACOG) currently administers many housing programs across the region. In addition, UAACOG staff provides a depth of insight regarding state and federal funding sources. All counties should invest in their relationships with COG staff, as it can provide a return in the form of state or federal dollars that can be incorporated into housing projects and/or programs. COG programs and resources include:

- Home repair program: A program that stabilizes housing conditions and is critical to maintaining existing, somewhat dated structures that can be some of the most affordable in a given community. Ensuring these dwelling units are in good repair achieves the goals of both affordable and quality housing.

- Section 8 vouchers (Housing Choice Vouchers): UAACOG administers a number of special vouchers including Housing Choice, FUP, Youth FUP, State Housing Vouchers, and COC vouchers. UAACOG also has a Tenant Based Rental Assistance program.
- Housing counseling: This includes pre-purchase counseling, post-purchase counseling, rental counseling, ID theft prevention and recovery, student financial counseling, credit and budget counseling, and foreclosure prevention.
- 502 direct loans
- Self-help housing program: A unique program, somewhat analogous to Habitat for Humanity, in which participants are supervised by a general contractor and work together to build a set of homes that eventually form a small neighborhood where each household individually owns their own home. The program is administered by the COG and has been successful in obtaining funding commitments at the federal level. The challenge involves finding sites that are affordably priced as well as finding applicants who are income-qualified who are also interested in a self-build process.
- Technical assistance to local governments with grant applications, planning and addressing community concerns of affordable housing, facilitating discussions on housing topics, and providing assistance wherever needed.
- UAACOG can also assist communities with access to state and federal funding sources including CDBG, HOME, or PAB proceeds.

Recommended for: Communities in Custer, Fremont, and Park Counties. Given the fact that most local housing programs and projects are viable only when state and federal dollars are incorporated, access to these tools and programs is imperative. Working with COG staff to identify local opportunities for these programs in each county is time well invested.

Other Tools

Deed Restrictions: Deed restrictions are powerful tools for maintaining permanent housing affordability. Even if the private market delivers housing that is currently affordable, it will become less affordable as the market appreciates. There is, in fact, a large risk that early buyers in low priced projects could flip their home at a significant profit. Many deed restrictions have appreciation caps to ensure permanent affordability. The downside is that in markets where buyers perceive that they can find other options, the appreciation cap is a deterrent as buyers may feel that they are potentially missing out on the appreciation gains. The simplest and least restrictive form of a deed restriction is to restrict ownership to local resident wage owners, with no appreciation cap. This works to limit price appreciation to the range of what local residents can afford, rather than second home buyers. Other considerations include:

- **Residency and Employment Requirements:** Given that the primary goal of a housing program is to address the local needs for housing and employees, many communities start a deed restriction program with elements that stipulate these requirements. The local residency requirements prevent short-term rentals in the future, stating that the home must be occupied by a local resident, typically coupled with an employment requirement that the occupants must work at least 30 hours per week within the county (or a larger region, if economically integrated).
- **Income Limits:** It is important to determine the population being targeted and appropriately structure a program to deliver housing to the desired group. This may involve income restrictions (e.g. 30 to 60 percent AMI for a rental project, or 80 to 120 percent AMI for an ownership project).
- **Appreciation Cap:** An appreciation cap is generally incorporated into a deed restriction, limiting the resale price of a home. This ensures that the home remains affordable from the initial purchase through subsequent sales. An appreciation cap can be structured in a number of ways, often based on the local market context. It may be a simple percentage of market appreciation, or a set annual appreciation, often with a provision for improvements added by the resident.

<u>Recommended for</u>: Park County, in a limited application. If over time, the portion of Park County closest to Summit County approaches similar types of market conditions, additional elements to a deed restriction program should be considered. At this time, it is recommended that a deed restriction be limited to standards requiring local occupancy and local employment for *one member* of the household (recognizing that other members will likely commute out to surrounding counties for employment). As market conditions tighten elsewhere in Park County, as well as in Fremont or Custer Counties, application of deed restrictions should be considered at that time.

Short Term Rental Regulation: As with many guest-based communities, the recent trend towards short term and vacation rental of properties is affecting areas in this region. While it is important that the tourism industry and market for short-term stays have a place in the local housing context, there is a desire to ensure that these short-term rentals do not take the place of the long-term rental inventory utilized by local residents and employees. A variety of strategies are being used by communities to ensure this balance, including technical assistance for property owners who are willing to place or keep their units in the long-term rental inventory, and having specific policy regarding short-term rentals so that property owners understand what is allowed and expected.

Recommended for: Park, Custer, and Fremont Counties. Because of the draw of guests to these markets, the pressure from the short-term industry is expected to grow. The sharing industry (e.g. Airbnb) continues to grow, and the attractions that draw tourists to each of these three counties will generate more interest from locals to convert long-term rentals into short-term. Actions include a replication of the Alma ordinance, limiting 10 percent of housing to short-term rentals. This concept was tested in Fairplay and found little support. Rather than limit usage, a different approach is to generate revenue from the use to off-set impacts. Ensuring a solid baseline lodging tax is the first step, which is particularly important to a local economy as it draws in dollars from outside the immediate economy and expands the economic ripple effect of the lodging sector. Various towns have considered options to derive public funds from the sharing industry and it is recommended that local jurisdictions work closely with the Colorado Municipal League (CML) or the Colorado Association of Ski Towns (CAST) to understand which efforts have legal basis and can be applied locally. With greater pressure on the local housing supply, financial resources are needed to mitigate the impacts that further reduce the local housing inventory.

Table 19. Community-Based and Other Tools

	Custer County	Fremont County	Park County
Community-Based Tools			
Local Funding Sources			
Excise Tax			
Use Tax			
Head Tax			
Dedicated Sales Tax			
Dedicated Property Tax			
Document Recording Fee			
RETA		●	●
General Fund Set-Aside			●
Housing Organizations			
City and County Housing Authority			
Multijurisdictional Housing Authority			
Housing Trust			
Community Land Trust			●
Community Housing Development Organization			●
Land Bank	●	●	●
Urban Renewal Authority			
Council of Governments	●	●	●
Other Tools			
Deed Restrictions			●
Short Term Rental Regulation	●	●	●